City of Lancaster, Texas

Comprehensive Annual Financial Report

For the Fiscal Year Ended

September 30, 2020

Prepared by the Department of Finance

City of Lancaster, Texas

Comprehensive Annual Financial Report
Year Ended September 30, 2020
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March 19, 2021

To the Honorable Mayor, Members of City Council and Citizens of the City of Lancaster, Texas:

We hereby issue the comprehensive annual financial report of the City of Lancaster, Texas (City) for the fiscal year ended September 30, 2020. State law requires that every municipality publish within six months of the close of each year a complete set of audited financial statements, to include the auditor's opinion on the statements, and this report fulfills that requirement.

This report consists of City management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in the report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in accordance with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by BKD, LLP, independent auditors. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2020, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified (clean) opinion that the City's financial statements for the fiscal year ended September 30, 2020, are fairly presented in accordance with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile

Located in Southwest Dallas County, the City of Lancaster is situated just minutes from downtown Dallas. Adjacent to I-35 on its western border and I-20 on its northern boundary, the City covers approximately 33.13 square miles, and serves an estimated 2020 population of 39,040. The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State and is a home-rule city operating under a Council/Manager form of government. The Council is comprised of the Mayor and six Council members, who enact local legislation, adopt budgets, determine policies, and appoint the City secretary, City attorney and Judge of the municipal court. The City Manager, appointed by City Council, is the chief administrative officer for the City and is responsible for the daily management of the City. Major services provided under general government and enterprise functions are: public safety (police and fire protection), emergency ambulance services, construction and maintenance of streets, water and sewer services, parks and recreation, library services and general administrative services.

Accounting System and Budgetary Control

One of the objectives of the City's financial accounting system is to provide adequate internal controls. Internal controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management. We believe that the City's internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received, and the liabilities are incurred.

Accounting records for the City's enterprise activities are maintained on the accrual basis.

The government-wide financial statements are prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities, business-type activities, and activities of its discretely presented component units on the statement of net position and statement of activities.

Budgetary Controls: The budgetary process begins each year with the preparation of both current and proposed revenue estimates by the City's administrative and financial management staff and expenditure estimates provided by each City department. Budgets are reviewed by the administrative and management staff which consists of the City Manager's office and department directors and managers. The City Manager makes final decisions and submits a recommended budget to the City Council. The proposed budget is reviewed by the City Council, a process which includes a Charter-mandated public hearing, in addition to work sessions which are open to the public. The City Charter requires adoption of the City budget at least 10 days prior to the beginning of the fiscal year.

The objective of the budgetary controls maintained by the City is to ensure compliance with legal provisions embodied in the annual budget approved by the City Council. Activities of the general fund, water and sewer fund, and other funds are included in the annual budget and are appropriated annually. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amounts) is established by departments within the individual fund. The City Manager is authorized to transfer budgeted amounts between line items and departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.

Monthly departmental expenditure reports are generated by an automated accounting system and provide expenditure totals and encumbrances at the line-item level for the most recently completed month as well as the year-to-date total, and an actual versus budgeted rate of expenditure. Major expenditure requests are approved by the City Manager prior to the encumbrance of funds.

Relevant Financial Policies

The City has established a policy to have a balanced budget and to maintain a reserve account. In fiscal year 2020, the General Fund accomplished this by having an unassigned fund balance of $15,592,738 which exceeds reserve requirements of 12 percent of the operating budget.

The City also has a long-range planning policy to identify major issues when developing its fiscal year budget. A five-year budget analysis of all City funds is developed to provide an understanding of the long-term impact of budget decisions. The fiscal year 2020 budget was prepared along with a planning budget for fiscal years 2021-24.

Cash Management Policies and Practices: The City's current bank depository contract is with JP Morgan Chase and will be in effect through 2020. The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. The City's investment strategies include using cash flow analysis to purchase securities; however, cash temporarily idle during the year was invested in three public funds investment pools – TexPool, LOGIC and Texas CLASS. This practice lessens the impact which rising interest rates have on the valuation changes of the portfolio. Investments in the deferred compensation plans are held by the third-party plan administrators. The investment policy is annually updated and approved by the Council in compliance with the *Texas Public Funds Investment Act*.

Pension and other post-employment benefit:

The City participates in the Texas Municipal Retirement System (TMRS), an agency authorized by the State of Texas. Employees of the City contribute a fixed percentage of their gross pay, currently seven percent in 2020. TMRS participants are immediately vested in those funds they contribute plus allocated interest. Participants are vested in employer contributions after five years of credited participation. If participants withdraw from TMRS prior to five years of credited participation, they may withdraw from TMRS those funds they contributed plus interest earnings. The City also provides postretirement health and dental care benefits for certain retirees and their dependents. As of the current fiscal year, there were ten retired employees receiving these benefits. Additional information on the City's pension arrangements and post-employment benefits can be found in the notes to the basic financial statements.

Local Economy

2020 was a year like no other, the COVID-19 global pandemic and numerous high-profile social justice issues had global impacts. The pandemic, specifically, impacted the world economy. Like communities around the country, Lancaster had a brief pause and shift in traditional operations of service delivery. While not immune from the impacts of the pandemic, our healthy reserve balance, prudent fiscal policies, conservative operational practices and timely actions by the City Council and management, allowed us to end the fiscal year in a positive position. The City of Lancaster received supplemental financial support from Dallas County through the federal government's Coronavirus Aid, Relief and Economic Security (CARES) Act. We successfully continued service delivery with minimal changes and disruptions while being in compliance with the health professionals recommended mitigation protocols to slow the spread of the COVID-19 virus.

Lancaster's growing economy continues to be greatly influenced by the attraction of the logistics industry to the community. Lancaster's premier industrial park, CSHV 20/35, has experienced the location of many well-known national corporations like United Natural Foods, Inc., Quaker PepsiCo, Johnstone Supply Inc., Mars Petcare Inc., BMW and Fisher Paykel. The interest of the development industry that specializes in logistics is strong and has led to the additional industrial parks such as Southpointe 20/35, Park 20 and MidPoint Logistics Center and recently a new player in Lancaster's industrial development. Corporations such as AT&T Corporation, Oncor Electric Delivery, Swift Transportation Inc., Mobis Parts America, Pappas Timber Products, LLC and Wayfair have located to Lancaster for its accessibility and strategic location. New logistics development in Lancaster is expected to continue.

New logistics development continued in Lancaster even during the pandemic. The Danish company, DSV Global Transport and Logistics broke ground on their new 1 million square feet U.S. regional headquarters valued at nearly 80 million total investment.

The City's unemployment rate for 2020 was an average of 11 percent. The unemployment rate for Dallas County was 8.1 percent for 2020. The City of Lancaster benefits from its proximity to the Dallas-Fort-Worth Motorplex and major transportation corridors with its location fifteen (15) miles south of downtown Dallas. Lancaster is a part of the Best Southwest area, which includes Lancaster, Cedar Hill, DeSoto, and Duncanville. The close proximity to job opportunities in Dallas, Fort Worth and the Mid-Cities continues to contribute to growth in the City. Its estimated population of 39,040 has grown over 50 percent since 2000, with a corresponding increase in the number of households during the same time. There is room for further development within the City's 33.13 square miles, since the City is only 50 percent built out.

In fiscal year 2020, the City experienced an increase in taxable assessed valuation and a slight increase in residential values, much like other cities in the Dallas-Fort Worth area. The City also experienced an increase in building permits. Sales tax decreased slightly in fiscal year 2020.

Long-term Financial Planning

The City has a long-range financial plan and has prudent fiscal policies and processes in place. It has met or exceeded all fund reserve goals, has funds available to address the needs of the community and responsibly manages its debt. The community continues to move toward a more competitive tax rate.

Unassigned fund balance in the general fund at year-end was 49 percent of total general fund expenditures. This amount was above the policy guidelines set by the Council for budgetary and planning purposes. The year-end amount was above the minimum target set by the policy guidelines. The net change in fund balance is $1,590,689 for the year ended September 30, 2020.

Rising costs have been a challenge to the City; however, conservative revenue estimates and efforts to reduce expenditures have contributed to the City's strong financial position. Overall, revenues for the City have remained fairly stable, and we have incorporated several strategies to decrease the expenses over the next several years. The City is projecting an increase in property tax revenues and sales tax revenues to allow us to effectively meet operational objectives and comply with current fiscal policies.

The City has historically maintained strong General Fund balances and continues to respond proactively to the volatile economy by implementing budget cuts sufficient to offset the revenue loss. The City does not expect to utilize reserves for recurring operating expenditures. The City also utilizes extensive planning and conservative budgetary measures to balance its operations.

With Economic Development a major priority, sales tax receipts are expected to increase as the City continues to provide incentives for business operations moving to the City. Because of the City's proximity to Interstate 35 East and Interstate 20, businesses are recognizing Lancaster as one of the region's hot spots for growth, and the City is committed to supporting new and expanding companies.

Major Initiatives

Annually, the City Council has adopted goals aimed at guiding Lancaster's future growth and development. For fiscal year 2020-2021, included initiatives are:

- Quality development;
- Sound infrastructure;
- Professional and committed workforce;
- Health, safe and engaged community;
- Effective municipal operations; and
- Financially sound city government.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certification of Achievement for Excellence in Financial Reporting to the City of Lancaster, Texas for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2018. In order to be awarded a Certificate of Achievement, the City of Lancaster, Texas had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. The City has received a Certificate of Achievement for four years. We are waiting for the Certification for the September 30, 2019 CAFR, which was previously submitted to GFOA. However, we believe that our September 30, 2019 CAFR as well as the September 30, 2020 CAFR continue to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements. We are submitting the September 30, 2020 report to the GFOA to determine eligibility for another certificate.

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the City's staff. In particular, we would like to recognize and express our heartfelt appreciation to all members of the Finance Department, who all worked diligently to assist and contribute to the preparation of this report. The Mayor and the City Council are to be commended for their willingness to participate in the strategic planning process for financial operations, and for their commitment to maintaining the highest standards of professionalism in the management of the City of Lancaster's finances.

Respectfully submitted,

Opal Mauldin-Jones, City Manager

Kimberly Hall, Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Lancaster

Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

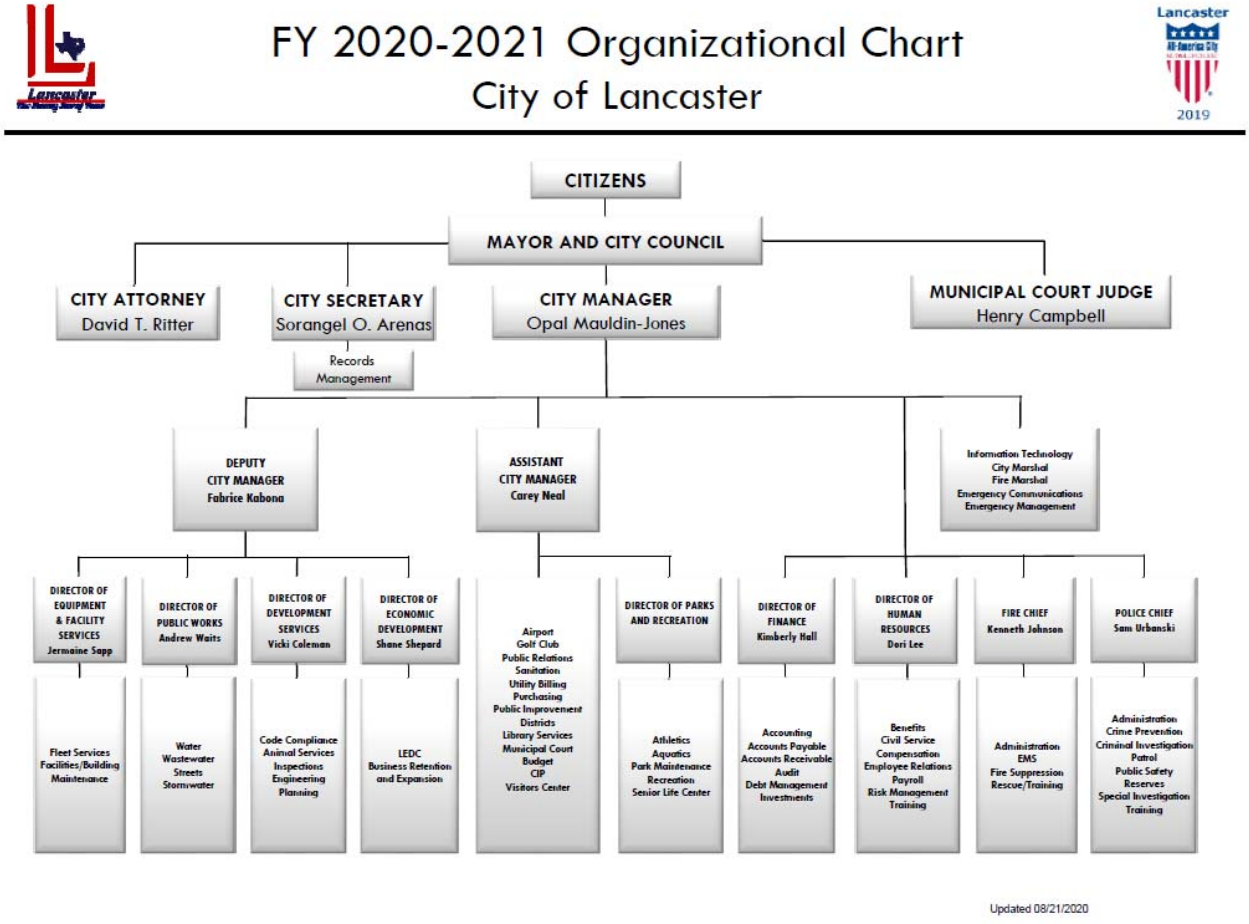
September 30, 2018

Christopher P. Morrill

Executive Director/CEO

City of Lancaster, Texas

Organizational Chart



City of Lancaster, Texas

List of Principal Officers
as of September 30, 2020

City Council

Clyde C. Hairston	Mayor	Term Expires May 2021
Carol Strain-Burk	Council Member, District 1	Term Expires May 2022
Stanley Jaglowski	Council Member, District 2	Term Expires November 2020
Marco Mejia	Council Member, District 3	Term Expires May 2022
Derrick D. Robinson	Deputy Mayor Pro Tem, District 4	Term Expires November 2020
Racheal Hill	Mayor Pro Tem, District 5	Term Expires May 2022
Nina Morris	Council Member, District 6	Term Expires November 2020

City of Lancaster, Texas

Department Directors

City Executive Staff

Opal Mauldin-Jones	City Manager
Fabrice Kabona	Deputy City Manager
Carey D. Neal Jr.	Assistant City Manager
Sorangel O. Arenas	City Secretary
Kim Hall	Director of Finance
Dori Lee	Director of Human Resources
Shane Shepard	Director of Economic Development
Jermaine Sapp	Director of Equipment & Facility Services
Andrew Waits	Director of Public Works
Kenneth Johnson	Fire Chief
Sam Urbanski	Police Chief
Lisa Wube	Director of Parks & Recreation
Vicki D. Coleman	Director of Development Services

Financial Section

BKD
CPAs & Advisors

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Independent Auditor's Report

The Honorable Mayor and
Members of the City Council
City of Lancaster, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Lancaster, Texas (City) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

PRAXITY
Empowering Business Globally

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, pension and other post-employment benefits information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund statements and the introductory and statistical sections as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

BKD, LLP

Dallas, Texas
March 19, 2021

City of Lancaster, Texas
Management's Discussion and Analysis (Unaudited)
September 30, 2020

Introduction

The Management's Discussion and Analysis (MD&A) section presents a narrative overview and analysis of the financial activities of the City of Lancaster, Texas (City) for the fiscal year ended September 30, 2020. We encourage readers to consider the information presented here in conjunction with the City's financial statements, which follow this section.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the end of fiscal year 2020, resulting in $140,295,544 of net position. Net position associated with governmental activities is $61,392,086, or 44 percent of the total net position of the City. Net position associated with business-type activities is $78,903,458, or 56 percent of the total net position of the City. The largest portion of net position consists of net investment in capital assets, which is $79,805,254.

- Unrestricted net position, which may be used to meet the City's future obligations, consists of $51,010,226, or 36 percent of the City's total net position. Unrestricted net position for governmental activities is $14,630,657, or 24 percent of total net position for governmental activities. Unrestricted net position for business-type activities is $36,379,569 or 46 percent of total net position for business-type activities.

- As of the close of fiscal year 2020, the City's Governmental Funds reported a combined ending fund balance of $39,186,737, an increase of $3,482,371 from the prior year.

- At the end of the current fiscal year, total fund balance for the General Fund was $15,906,573. This represents approximately 50 percent of General Fund expenditures.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business.

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, for example uncollected taxes and earned, but not used, vacation leave.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general administration, public safety, public works, drainage systems, library, human resources and finance. The business-type activities of the City include water and sewer, airport operations, refuse and golf course operations.

The government-wide financial statements include the Economic Development Corporation and the Recreational Development Corporation as part of its reporting entity as discretely presented component units. Discrete presentation entails reporting component unit financial data in columns separate from the financial data of the primary government. The Lancaster Economic Development Corporation and the Lancaster Recreational Development Corporation are legally separate entities.

Fund Financial Statements. A *fund* is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. Some funds are required to be established by state law and by bond covenants. The City Council also establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities when using certain taxes, grants or other money. The City's two kinds of funds – Governmental and Proprietary – utilize different accounting approaches.

Governmental Funds. The majority of the City's basic services are reported in Governmental Funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The Governmental Fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

By comparing information presented for Governmental Funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationships, or differences between governmental activities (reported in the accompanying Statement of Net Position and the Statement of Activities) and Governmental Funds, are detailed in a reconciliation following the fund financial statements.

Information is presented separately in the accompanying Governmental Funds Balance Sheet and in the accompanying Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Debt Service Fund and Capital Projects Fund, all of which are considered to be major funds. Data from the other Governmental Funds are combined into a single, aggregated presentation. Individual fund data for each of these Non-major Governmental Funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds. The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way that all activities are reported in the accompanying Statement of Net Position and the Statement of Activities. The City's Enterprise Funds (a component of Proprietary Funds) are identical to the business-type activities reported in the government-wide statements, but provide information, such as cash flows.

The City maintains an Enterprise Fund to account for: (1) water and sewer services provided to the City's retail and wholesale customers, (2) trash collection and disposal services, (3) operation of the City's airport and (4) operation of the City's golf course. All activities associated with providing such services are accounted for in these funds, including administration, operation, maintenance, debt service, capital improvements, billing and collection. The City's intent is that the cost of providing the services to the general public on a continuing basis is financed through user charges in a manner similar to a private-sector business enterprise.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligations. Required supplementary information immediately follows the notes to the financial statements. Combining statements for Non-major Governmental Funds, Enterprise Funds and component units fund financial statements follow the section of required supplementary information.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of September 30, 2020, City assets and deferred outflows of resources exceeded its liabilities and deferred inflows resulting in $140,295,544 of net position.

Statement of Net Position for Governmental and Business-type Activities

	2020			2019		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	$ 51,465,822	$ 40,487,985	$ 91,953,807	$ 47,219,044	$ 39,573,423	$ 86,792,467
Capital assets	102,827,022	48,567,549	151,394,571	102,501,822	47,889,676	150,391,498
Total assets	154,292,844	89,055,534	243,348,378	149,720,866	87,463,099	237,183,965
Deferred outflows of resources	3,396,756	383,856	3,780,612	6,258,652	684,187	6,942,839
Long-term liabilities	84,515,725	7,030,284	91,546,009	93,088,518	7,946,917	101,035,435
Other liabilities	9,650,465	3,298,917	12,949,382	8,102,833	4,139,220	12,242,053
Total liabilities	94,166,190	10,329,201	104,495,391	101,191,350	12,086,137	113,277,487
Deferred inflows of resources	2,131,324	206,731	2,338,055	237,902	24,203	262,105
Net position						
Net investment in capital assets	37,281,365	42,523,889	79,805,254	33,701,881	41,354,370	75,056,251
Restricted	9,480,064	-	9,480,064	6,664,084	-	6,664,084
Unrestricted	14,630,657	36,379,569	51,010,226	14,184,301	34,682,576	48,866,877
Total net position	$ 61,392,086	$ 78,903,458	$ 140,295,544	$ 54,550,266	$ 76,036,946	$ 130,587,212

By far, the largest portion of the City's net position (57 percent) reflects its investment in capital assets (*e.g.*, land, buildings, machinery, equipment, vehicles and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (6.8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of $51,010,226 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

Analysis of City's Operations. The following table provides a summary of the City's operations for the year ended September 30, 2020. Overall, the City had an increase in net position of $9,708,332.

Revenues and Expenses for Governmental and Business-type Activities

	2020			2019		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues						
Program revenues						
Charges for services	$ 5,145,928	$ 20,998,155	$ 26,144,083	$ 6,613,479	$ 20,027,619	$ 26,641,098
Operating grants and contributions	4,496,757	-	4,496,757	1,273,543	-	1,273,543
Capital grants and contributions	-	-	-	236,500	-	236,500
General revenues						
Taxes and fees	34,059,101	-	34,059,101	31,534,369	-	31,534,369
Other	734,266	1,891,048	2,625,314	1,447,619	2,519,862	3,967,481
Total revenues	44,436,052	22,889,203	67,325,255	41,105,510	22,547,481	63,652,991
Expenses				7,542,414	-	7,542,414
General government	8,618,415	-	8,618,415	22,445,886	-	22,445,886
Public safety	21,474,236	-	21,474,236	3,512,367	-	3,512,367
Public works	3,735,538	-	3,735,538	2,461,161	-	2,461,161
Community development and recreation	2,795,968	-	2,795,968	-	-	-
Interest and fiscal charges	2,794,842	-	2,794,842	2,928,389	-	2,928,389
Water and sewer	-	14,573,772	14,573,772	-	14,151,252	14,151,252
Refuse	-	1,891,782	1,891,782	-	1,570,873	1,570,873
Airport	-	780,611	780,611	-	760,573	760,573
Golf course	-	951,759	951,759	-	1,093,145	1,093,145
Total expenses	39,418,999	18,197,924	57,616,923	38,890,217	17,575,843	56,466,060
Increase in Net Position Before Transfers	5,017,053	4,691,279	9,708,332	2,215,293	4,971,638	7,186,931
Transfers	1,824,767	(1,824,767)	-	1,660,781	(1,660,781)	-
Change in Net Position	6,841,820	2,866,512	9,708,332	3,876,074	3,310,857	7,186,931
Net position, Beginning of Year	54,550,266	76,036,946	130,587,212	50,674,192	72,726,089	123,400,281
Net position, End of Year	$ 61,392,086	$ 78,903,458	$140,295,544	$ 54,550,266	$ 76,036,946	$ 130,587,212

Governmental Activities. Governmental activities increased the City's net position by $6,841,820. Total revenue for the governmental activities (excluding transfers) increased from the previous year by $3,330,542. General revenue had a net increase of $1,811,379. Property tax collections increased as a result of real property reappraisals and new business and property additions which continues to grow the local economy.

Business-type Activities. Net position from business-type activities increased by $2,866,512. Total revenue for the business-type activities increased from the previous year by $341,722 primarily due to an increase in charges for services revenue.

Financial Analysis of the City's Funds

Governmental Funds

The focus of the City's Governmental Funds is to provide information on near term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's Governmental Funds reported a combined ending fund balance of $39,186,737, an increase of $3,482,371 from the prior year. This amount includes fund balance restricted for Public Improvement Districts of $1,379,979, restricted for Capital Projects of $8,594,068, restricted for Public Works of $4,317,402, restricted for Court of $202,154, restricted for Police Grants and Law Enforcement Purposes of $1,383,977, restricted for Tourism of $1,216,936, restricted for Park Land Dedication of $431,378 and restricted for Streets of $659,406. The net unassigned fund balance was $15,592,738, an increase of $1,567,143 from prior year. Components of the net increase of the total fund balance are:

- The General Fund recorded a net increase in fund balance of $1,590,689, primarily related to funds received for Grants.
- General Obligation Debt Service Fund recorded a net increase in fund balance of $2,051,443, primarily related to taxes.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to $35,756,645 and the Airport Fund reported an unrestricted net position of ($1,645,467).

Capital Assets

The City's capital assets for its governmental and business-type activities as of September 30, 2020, amount to $151,394,571 (net of accumulated depreciation). This net investment in capital assets includes land, buildings, park facilities, roads, bridges and water and sewer lines.

Additional information on capital asset activity can be found in *Note 6* of this report.

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Land	$ 13,262,490	$ 13,262,490	$ 4,971,266	$ 4,971,266	$ 18,233,756	$ 18,233,756
Buildings	37,183,289	37,183,289	2,808,948	2,808,948	39,992,237	39,992,237
Equipment	5,437,711	3,845,674	4,396,320	3,752,240	9,834,031	7,597,914
Construction in progress	10,935,608	7,115,817	1,982,465	2,404,490	12,918,073	9,520,307
Improvements	2,083,186	1,901,490	81,450,223	79,181,897	83,533,409	81,083,387
Streets and bridges	110,429,040	109,640,602	-	-	110,429,040	109,640,602
Drainage	7,433,204	7,433,204	-	-	7,433,204	7,433,204
Accumulated depreciation	(83,937,506)	(77,880,743)	(47,041,673)	(45,229,165)	(130,979,179)	(123,109,908)
Total	$ 102,827,022	$ 102,501,823	$ 48,567,549	$ 47,889,676	$ 151,394,571	$ 150,391,499

Long-term Debt

At the end of the current fiscal year, the City had total bonds outstanding of $71,685,000, all being tax supported. The City also has $2,699,632 of additional debt through notes payable and capital leases.

The City of Lancaster issued General Obligation Refunding Bonds, Series 2020 in the amount of $24.53 million during the current fiscal year. This issuance included the refunding of General Obligation Bonds, Taxable Series 2010A in the principal amount of $27.77 million.

Additional information on long-term debt activity can be found in *Note 7* of this report.

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
General obligation bonds	$ 61,910,017	$ 58,845,017	$ 1,269,983	$ 1,419,983	$ 63,180,000	$ 60,265,000
Certificates of obligation	3,680,000	13,600,000	4,825,000	5,165,000	8,505,000	18,765,000
Notes payable	1,859,583	2,520,896	-	-	1,859,583	2,520,896
Capital leases	840,049	785,432	-	-	840,049	785,432
Total	$ 68,289,649	$ 75,751,345	$ 6,094,983	$ 6,584,983	$ 74,384,632	$ 82,336,328

The City has an Aa3 rating from Moody's Investors Service and an AA rating from Standard and Poor's.

Economic Factor and Next Year's Budgets and Rates

In the fiscal year 2021 budget, General Fund revenues are budgeted to decrease by 1.16 percent from the 2020 budget year. This decrease is mostly due to a decrease in sales tax revenue due to the impact of the COVID-19 pandemic, and changes in certain laws regarding franchise taxes.

Property taxes make up about 61 percent of budgeted revenues and sales tax make up about 16 percent of budgeted revenues.

Request for Information

For additional information please contact Director of Finance, Kim Hall, at 972-218-1333 or Finance Department, City of Lancaster, Texas, P.O. Box 940, Lancaster, Texas, 75146, email khall@lancaster-tx.com.

Basic Financial Statements

City of Lancaster, Texas
Statement of Net Position
September 30, 2020

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Lancaster Economic Development Corporation	Lancaster Recreational Development Corporation
Assets					
Cash and cash equivalents	$ 34,498,312	$ 41,001,880	$ 75,500,192	$ 6,720,598	$ 1,834,434
Receivables (net of allowance)					
Notes	5,500,000	-	5,500,000	-	-
Delinquent taxes	902,714	-	902,714	-	-
Accounts	3,715,341	2,206,106	5,921,447	-	24,496
Sales tax	1,130,408	-	1,130,408	226,081	440,705
Fines	863,700	-	863,700	-	-
Due from other governments	5,669	-	5,669	690,388	-
Due from component unit	1,993,142	-	1,993,142	-	-
Prepaid items	50,082	-	50,082	-	15,707
Inventory	61,599	24,854	86,453	-	-
Internal balances	2,744,855	(2,744,855)	-	-	-
Capital assets					
Land and construction in progress	24,198,098	6,953,731	31,151,829	100,378	989,118
Other capital assets, net of accumulated depreciation	78,628,924	41,613,818	120,242,742	-	9,181,097
Total assets	154,292,844	89,055,534	243,348,378	7,737,445	12,485,557
Deferred Outflows of Resources					
Deferred charges on refunding	1,159,711	158,444	1,318,155	-	-
Deferred outflows on pensions - contributions	1,535,022	157,845	1,692,867	15,830	76,279
Deferred outflows on pensions - assumption changes	172,879	16,937	189,816	1,806	9,050
Deferred outflows on pensions - experience	263,901	25,955	289,856	2,751	13,718
Deferred outflows on OPEB - contributions	42,760	3,977	46,737	496	2,487
Deferred outflows on OPEB - assumption changes	213,085	19,824	232,909	2,477	12,387
Deferred outflows on OPEB - experience	9,398	874	10,272	109	546
Total deferred outflows of resources	3,396,756	383,856	3,780,612	23,469	114,467
Liabilities					
Accounts payable and contracts payable	1,685,930	557,900	2,243,830	13,153	35,836
Accrued liabilities	2,364,334	224,704	2,589,038	-	229,240
Accrued interest	316,616	59,293	375,909	6,928	16,563
Due to primary government	-	-	-	-	1,993,142
Due to component unit	-	690,988	690,988	-	-
Deposits	392,644	1,211,974	1,604,618	-	-
General obligation bonds	3,605,000	150,000	3,755,000	-	-
Certificates of obligation	80,000	355,000	435,000	-	-
Notes payable	707,605	-	707,605	155,000	790,000
Compensated absences	340,143	49,058	389,201	-	-
Capital leases	158,193	-	158,193	-	-
Noncurrent liabilities					
General obligation bonds	63,627,474	1,227,104	64,854,578	-	-
Certificates of obligation	3,600,000	4,470,000	8,070,000	-	-
Notes payable	1,151,978	-	1,151,978	1,215,000	3,340,000
Compensated absences	3,061,284	75,202	3,136,486	-	-
Total OPEB liability	1,896,907	176,460	2,073,367	22,058	110,286
Capital leases	681,856	-	681,856	-	-
Net pension liability	10,496,226	1,081,518	11,577,744	115,227	542,973
Total liabilities	94,166,190	10,329,201	104,495,391	1,527,366	7,058,040
Deferred Inflows of Resources					
Deferred inflows on pensions - difference in earnings	2,082,760	202,214	2,284,974	21,774	110,658
Deferred inflows on OPEB - experience	48,564	4,517	53,081	564	2,823
Total deferred inflows of resources	2,131,324	206,731	2,338,055	22,338	113,481
Net Position					
Net investment in capital assets	37,281,365	42,523,889	79,805,254	100,378	6,040,215
Restricted for					
Court Security	70,498	-	70,498	-	-
Court Technology	131,656	-	131,656	-	-
Debt service	5,297,018	-	5,297,018	-	-
Public improvement districts	1,379,979	-	1,379,979	-	-
Tourism, convention centers, arts	1,216,936	-	1,216,936	-	-
Law enforcement purposes	1,383,977	-	1,383,977	-	-
Unrestricted	14,630,657	36,379,569	51,010,226	6,110,832	(611,712)
Total net position	$ 61,392,086	$ 78,903,458	$ 140,295,544	$ 6,211,210	$ 5,428,504

City of Lancaster, Texas
Statement of Activities
For the Year Ended September 30, 2020

Functions/Program	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units: Lancaster Economic Development Corporation	Component Units: Lancaster Recreational Development Corporation
Primary Government									
Governmental activities									
General government	$ 8,618,415	$ 1,919,690	$ -	$ -	$ (6,698,725)	$ -	$ (6,698,725)	$ -	$ -
Public safety	21,474,236	1,473,204	-	-	(20,001,032)	-	(20,001,032)	-	-
Public works	3,735,538	1,753,034	-	-	(1,982,504)	-	(1,982,504)	-	-
Community development and recreation	2,795,968	-	4,496,757	-	1,700,789	-	1,700,789	-	-
Interest and fiscal charges	2,794,842	-	-	-	(2,794,842)	-	(2,794,842)	-	-
Total governmental activities	39,418,999	5,145,928	4,496,757	-	(29,776,314)	-	(29,776,314)	-	-
Business-type activities									
Water and sewer	14,573,772	17,413,522	-	-	-	2,839,750	2,839,750	-	-
Refuse	1,891,782	2,720,555	-	-	-	828,773	828,773	-	-
Airport	780,611	675,621	-	-	-	(104,990)	(104,990)	-	-
Golf course	951,759	188,457	-	-	-	(763,302)	(763,302)	-	-
Total business-type activities	18,197,924	20,998,155	-	-	-	2,800,231	2,800,231	-	-
Total primary government	$ 57,616,923	$ 26,144,083	$ 4,496,757	$ -	$(29,776,314)	$ 2,800,231	$ (26,976,083)	$ -	$ -
Component units									
Lancaster Economic Development Corporation	$ 668,551	$ -	$ -	$ -	$ -	$ -	$ -	$ (668,551)	$ -
Lancaster Recreational Development Corporation	2,778,970	215,064	4,535	-	-	-	-	-	(2,559,371)
Total component units	$ 3,447,521	$ 215,064	$ 4,535	$ -	$ -	$ -	$ -	$ (668,551)	$ (2,559,371)
General Revenues									
Taxes									
Property taxes					$ 25,428,022	$ -	$ 25,428,022	$ -	$ -
Sales taxes					6,557,347	-	6,557,347	1,311,469	2,622,939
Franchise taxes					2,057,524	-	2,057,524	-	-
Other local taxes					16,208	-	16,208	-	-
Interest on investments					388,113	368,113	756,226	63,301	20,519
Miscellaneous					346,153	1,522,935	1,869,088	-	8,826
Transfers					1,824,767	(1,824,767)	-	-	-
Total general revenues and transfers					36,618,134	66,281	36,684,415	1,374,770	2,652,284
Change in Net Position					6,841,820	2,866,512	9,708,332	706,219	92,914
Net Position, Beginning of Year					54,550,266	76,036,946	130,587,212	5,504,991	5,335,590
Net Position, End of Year					$ 61,392,086	$ 78,903,458	$ 140,295,544	$ 6,211,210	$ 5,428,504

See Notes to Financial Statements

City of Lancaster, Texas
Balance Sheet
Governmental Funds
September 30, 2020

	General Fund	Capital Projects Fund	General Obligation Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 12,367,544	$ 7,245,232	$ 5,292,905	$ 9,592,631	$ 34,498,312
Receivables (net of allowance for uncollectibles)					
Notes	-	-	5,500,000	-	5,500,000
Delinquent taxes	631,614	-	268,682	2,418	902,714
Accounts	3,391,383	-	-	323,958	3,715,341
Sales tax	1,130,408	-	-	-	1,130,408
Fines	863,700	-	-	-	863,700
Due from:					
Component unit	627,352	1,365,790	-	-	1,993,142
Other governments	5,669	-	-	-	5,669
Other funds	2,726,387	18,468	-	-	2,744,855
Inventory, at cost	61,599	-	-	-	61,599
Prepaid items	50,082	-	-	-	50,082
Total assets	$ 21,855,738	$ 8,629,490	$ 11,061,587	$ 9,919,007	$ 51,465,822
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts and contracts payable	$ 1,254,615	$ 35,422	$ -	$ 395,893	$ 1,685,930
Accrued liabilities	2,247,935	-	-	116,399	2,364,334
Deposits	392,644	-	-	-	392,644
Total liabilities	3,895,194	35,422	-	512,292	4,442,908
Deferred inflows of resources - unavailable revenue	2,053,971	-	5,764,569	17,637	7,836,177
Fund balances					
Nonspendable for inventory and prepaid items	111,681	-	-	-	111,681
Restricted for					
Court security	70,498	-	-	-	70,498
Court technology	131,656	-	-	-	131,656
Capital projects	-	8,594,068	-	-	8,594,068
Debt service	-	-	5,297,018	-	5,297,018
Public works	-	-	-	4,317,402	4,317,402
Public improvement districts	-	-	-	1,379,979	1,379,979
Police grants	-	-	-	92,970	92,970
Tourism, convention centers, arts	-	-	-	1,216,936	1,216,936
Law enforcement purposes	-	-	-	1,291,007	1,291,007
Parkland dedication	-	-	-	431,378	431,378
Street	-	-	-	659,406	659,406
Unassigned	15,592,738	-	-	-	15,592,738
Total fund balances	15,906,573	8,594,068	5,297,018	9,389,078	39,186,737
Total liabilities, deferred inflows of resources and fund balances	$ 21,855,738	$ 8,629,490	$ 11,061,587	$ 9,919,007	$ 51,465,822

City of Lancaster, Texas

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

September 30, 2020

Total fund balances – governmental funds		$ 39,186,737
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets (net of accumulated depreciation) used in governmental activities are not current financial resources and therefore are not reported as assets in the governmental funds. Capital assets are reported in the government-wide financial statements, net of accumulated depreciation.		102,827,022
Interest payable on long-term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet.		(316,616)
Revenues earned but not available within 60 days of the year-end are not recognized as revenue on the fund financial statements.		2,336,177
Notes receivable are not measurable and available within 60 days of year-end, and therefore are entirely deferred in the fund financial statements.		5,500,000
Deferred outflows of resources and deferred inflows of resources represent flows of resources which relate to future periods and, therefore, are not reported in the fund financial statements. Deferred outflows of resources and deferred inflows of resources at year-end consist of:		
Deferred charges on refunding	$ 1,159,711	
Employer contributions (GASB 75)	42,760	
Assumption changes (GASB 75)	213,085	
Experience difference (GASB 75)	(39,166)	
Employer contributions (GASB 68)	1,535,022	
Investment return difference (GASB 68)	(2,082,760)	
Assumption changes (GASB 68)	172,879	
Experience difference (GASB 68)	263,901	1,265,432
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the fund financial statements. Long-term liabilities at year-end consist of:		
General obligation bonds	$(61,910,017)	
Certificates of obligation	(3,680,000)	
Note payable	(1,859,583)	
Premiums on bond debt	(5,322,457)	
Net pension liability	(10,496,226)	
Compensated absences	(3,401,427)	
Total OPEB liability	(1,896,907)	
Capital leases	(840,049)	(89,406,666)
Total net position of governmental activities		$ 61,392,086

City of Lancaster, Texas

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended September 30, 2020

	General Fund	Capital Projects Fund	General Obligation Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Taxes and fees	$ 25,731,444	$ -	$ 7,470,958	$ 3,581,702	$ 36,784,104
Licenses and permits	944,760	-	-	354,446	1,299,206
Intergovernmental	2,570,448	1,026,309	900,000	-	4,496,757
Charges for services	453,828	-	-	-	453,828
Fines and forfeits	1,068,206	354,978	-	50,020	1,473,204
Interest	158,082	114,680	41,227	74,124	388,113
Miscellaneous	314,920	-	-	31,233	346,153
Total revenues	31,241,688	1,495,967	8,412,185	4,091,525	45,241,365
Expenditures					
Current					
General government	7,373,944	-	-	-	7,373,944
Public safety	16,826,390	-	-	229,176	17,055,566
Public works	1,972,185	-	-	1,192,943	3,165,128
Community development and recreation	1,983,643	-	-	427,072	2,410,715
Capital outlay	2,527,664	3,500,126	-	293,326	6,321,116
Debt service					
Principal retirement	661,313	-	3,774,507	30,000	4,465,820
Interest and fiscal charges	192,087	-	2,584,736	13,150	2,789,973
Cost of issuance of bonds	-	-	298,874	-	298,874
Total expenditures	31,537,226	3,500,126	6,658,117	2,185,667	43,881,136
Excess (deficiency) of revenues over expenditures	(295,538)	(2,004,159)	1,754,068	1,905,858	1,360,229
Other financing sources (uses)					
Transfers in	1,886,227	-	-	-	1,886,227
Transfers out	-	-	-	(61,460)	(61,460)
Payment to refunded bond escrow agent	-	-	(27,907,758)	-	(27,907,758)
Proceeds from refunding bonds issued	-	-	24,530,000	-	24,530,000
Bond premium	-	-	3,675,133	-	3,675,133
Total other financing sources (uses)	1,886,227	-	297,375	(61,460)	2,122,142
Net Change in Fund Balances	1,590,689	(2,004,159)	2,051,443	1,844,398	3,482,371
Fund Balance, Beginning of Year	14,315,884	10,598,227	3,245,575	7,544,680	35,704,366
Fund Balances, End of Year	$ 15,906,573	$ 8,594,068	$ 5,297,018	$ 9,389,078	$ 39,186,737

City of Lancaster, Texas

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended September 30, 2020

Net change in fund balances – total governmental funds		$ 3,482,371
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current period.		6,381,963
Depreciation expense on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.		(6,056,763)
Current year principal payments of long-term liabilities are shown as expenditures in the fund financial statements, but shown as reductions in long-term liabilities in the government-wide financial statements as follows:		
General and certificates of obligation bonds	3,615,000	
Notes payable	417,190	
Capital leases	189,507	4,221,697
The issuance of long-term debt, such as bonds and capital leases, are shown as "Other Sources" and "Other Uses" in the governmental funds, but are shown on the statement of net assets with related costs amortized over the life of the bonds. Differences consist of the following:		
Issuance of general obligation bonds	(24,530,000)	
Payment to escrow agent	27,907,758	
Bond premium/discount	(3,675,133)	
Amortization of deferred loss	(136,259)	
Amortization of bond premium/discount	308,084	(125,550)
Current year pension expenditures are reported on the fiscal year basis on the statement of revenues, expenditures and changes in fund balance and as actuarially determined in the government-wide statement of activities. These differences are reflected in deferred outflows of resources and deferred inflow of resources balances.		(478,738)
Current year change in long-term liability for compensated absences and OPEB liability do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.		99,974
Current year changes in accrued interest payable do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.		122,180
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds. This is the net change in these revenues for the year.		(805,314)
Change in net position of governmental activities		$ 6,841,820

City of Lancaster, Texas
Statement of Net Position
Proprietary Funds
September 30, 2020

	Water and Sewer Fund	Airport Fund	Non-major Enterprise Funds	Total Proprietary Funds
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and cash equivalents	$ 37,558,939	$ 26,786	$ 3,416,155	$ 41,001,880
Receivables (net of allowance for uncollectibles):				
Accounts	807,788	34,809	127,076	969,673
Unbilled	1,083,613	-	152,820	1,236,433
Inventory	-	24,854	-	24,854
Total current assets	39,450,340	86,449	3,696,051	43,232,840
Capital Assets				
Nondepreciable	497,545	6,106,632	349,554	6,953,731
Depreciable (net of accumulated depreciation)	34,701,295	5,091,611	1,820,912	41,613,818
Total non-current assets	35,198,840	11,198,243	2,170,466	48,567,549
Total assets	74,649,180	11,284,692	5,866,517	91,800,389
Deferred Outflows of Resources				
Deferred charges on refunding	156,366	2,078	-	158,444
Deferred outflows on pensions - contributions	139,430	18,415	-	157,845
Deferred outflows on pensions - assumption changes	14,910	2,027	-	16,937
Deferred outflows on pensions - experience	22,854	3,101	-	25,955
Deferred outflows on OPEB - contributions	3,481	496	-	3,977
Deferred outflows on OPEB - assumption changes	17,345	2,479	-	19,824
Deferred outflows on OPEB - experience	765	109	-	874
Total deferred outflows of resources	355,151	28,705	-	383,856
Liabilities, Deferred Inflows or Resources and Net Position				
Current Liabilities				
Accounts and contracts payable	406,730	222	150,948	557,900
Accrued liabilities	140,639	7,166	76,899	224,704
Accrued interest	58,777	516	-	59,293
Deposits	1,211,974	-	-	1,211,974
Due to:				
Other funds	674,036	871,878	1,198,941	2,744,855
Component units	-	690,988	-	690,988
General obligation bonds	140,000	10,000	-	150,000
Certificates of obligation	355,000	-	-	355,000
Compensated absences	37,970	10,870	218	49,058
Total current liabilities	3,025,126	1,591,640	1,427,006	6,043,772
Non-current Liabilities				
General obligation bonds	1,196,167	30,937	-	1,227,104
Certificates of obligation	4,470,000	-	-	4,470,000
Compensated absences	74,548	-	654	75,202
Net pension liability	951,452	130,066	-	1,081,518
Total OPEB liability	154,402	22,058	-	176,460
Total non-current liabilities	6,846,569	183,061	654	7,030,284
Total liabilities	9,871,695	1,774,701	1,427,660	13,074,056
Deferred Inflows of Resources				
Deferred inflows on pensions - difference in earnings	177,999	24,215	-	202,214
Deferred inflows on OPEB - experience	3,953	564	-	4,517
Total deferred inflows of resources	181,952	24,779	-	206,731
Net Position				
Net investment in capital assets	29,194,039	11,159,384	2,170,466	42,523,889
Unrestricted	35,756,645	(1,645,467)	2,268,391	36,379,569
Total net position	$ 64,950,684	$ 9,513,917	$ 4,438,857	$ 78,903,458

City of Lancaster, Texas
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2020

	Water and Sewer Fund	Airport Fund	Non-major Enterprise Funds	Total Proprietary Funds
Operating Revenues				
Charges for services	$ 17,413,522	$ 675,621	$ 2,909,012	$ 20,998,155
Intergovernmental	-	17,653	-	17,653
Miscellaneous	833,446	9,847	347,538	1,190,831
Impact fee revenue	314,451	-	-	314,451
Total operating revenues	18,561,419	703,121	3,256,550	22,521,090
Operating Expenses				
Personnel services and benefits	2,041,316	249,648	-	2,290,964
Maintenance	458,108	40,869	278,458	777,435
Purchase of water	3,194,584	-	-	3,194,584
Materials and supplies	78,427	277,783	-	356,210
Heat, light and power	150,410	46,297	36,003	232,710
Sewage treatment	6,321,755	-	-	6,321,755
Special services	495,630	19,856	2,376,281	2,891,767
Miscellaneous	54,899	-	-	54,899
Equipment rental	8,760	23,315	24,707	56,782
Depreciation	1,563,125	121,291	128,092	1,812,508
Total operating expenses	14,367,014	779,059	2,843,541	17,989,614
Operating Income (Loss)	4,194,405	(75,938)	413,009	4,531,476
Non-operating Revenues (Expenses)				
Interest revenue	339,608	-	28,505	368,113
Interest and fiscal charges	(206,758)	(1,552)	-	(208,310)
Total non-operating revenues (expenses)	132,850	(1,552)	28,505	159,803
Income (Loss) Before Transfers	4,327,255	(77,490)	441,514	4,691,279
Transfers				
Transfers out	(1,638,894)	(24,373)	(161,500)	(1,824,767)
Total transfers	(1,638,894)	(24,373)	(161,500)	(1,824,767)
Change in Net Position	2,688,361	(101,863)	280,014	2,866,512
Net Position, Beginning of Year	62,262,323	9,615,780	4,158,843	76,036,946
Net Position, End of Year	$ 64,950,684	$ 9,513,917	$ 4,438,857	$ 78,903,458

City of Lancaster, Texas
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2020

	Water and Sewer Fund	Airport Fund	Non-major Enterprise Funds	Total
Operating Activities				
Receipts from customers and users	$ 18,544,674	$ 694,277	$ 3,250,772	$ 22,489,723
Utility deposits collected	24,786	-	-	24,786
Payments to employees	(1,970,180)	(243,002)	-	(2,213,182)
Payments to suppliers	(11,122,614)	(406,527)	(2,711,399)	(14,240,540)
Net cash provided by operating activities	5,476,666	44,748	539,373	6,060,787
Noncapital and Related Financing Activities				
Transfers out	(1,638,894)	(24,655)	(161,500)	(1,825,049)
Advances from other funds	-	-	372,381	372,381
Net cash provided by (used in) noncapital financing activities	(1,638,894)	(24,655)	210,881	(1,452,668)
Capital and Related Financing Activities				
Acquisition and construction of capital assets	(2,037,336)	-	-	(2,037,336)
Principal payments on debt	(490,000)	(10,498)	-	(500,498)
Interest payments on debt	(197,906)	(1,552)	-	(199,458)
Net cash used in capital and financing activities	(2,725,242)	(12,050)	-	(2,737,292)
Investing Activities				
Interest on investments	339,608	-	28,505	368,113
Net cash provided by investing activities	339,608	-	28,505	368,113
Increase in Cash and Cash Equivalents	1,452,138	(10,425)	778,757	2,220,470
Cash and Cash Equivalents, Beginning of Year	36,106,801	37,211	2,637,398	38,781,410
Cash and Cash Equivalents, End of Year	$ 37,558,939	$ 26,786	$ 3,416,155	$ 41,001,880
Reconciliation of Net Operating Income (Loss) to Net Cash Provided by Operating Activities				
Operating income (loss)	$ 4,194,405	$ (75,938)	$ 413,009	$ 4,531,476
Item not requiring cash				
Depreciation	1,563,125	121,291	128,092	1,812,508
Changes in				
Accounts receivable	(11,903)	(8,844)	20,053	(694)
Inventories	-	25,512	-	25,512
Prepaid expenses	455,666	-	-	455,666
Deferred outflows of resources	246,941	33,450	-	280,391
Accounts payable	(871,055)	(27,645)	(22,412)	(921,112)
Accrued expenses	75,292	3,726	631	79,649
Net pension liability	(382,829)	(52,040)	-	(434,869)
Total OPEB Liability	21,035	3,005	-	24,040
Deferred inflows of resources	162,986	22,231	-	185,217
Compensated absences	23,003	-	-	23,003
Net cash provided by operating activities	$ 5,476,666	$ 44,748	$ 539,373	$ 6,060,787
Schedule of non-cash capital and related financing activities:				
Assets acquired through interfund loan	$ 434,577	$ 18,468	$ -	$ 453,045

City of Lancaster, Texas
Notes to Basic Financial Statements
September 30, 2020

Note 1: Summary of Significant Accounting Policies

The accounting and reporting policies of the City of Lancaster (City) conform to the generally accepted accounting principles (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies.

Reporting Entity

The City was incorporated in 1853. The City operates as a home-rule city, under a Council-manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, water and sewer utilities, sanitation, health and social services, parks and recreation, public improvements, airport, golf course, planning and zoning and general administrative services.

The City's basic financial statements include the separate governmental entities that are controlled by or are dependent on the City. The determination to include separate governmental entities is based on the criteria of GASB Statement No. 14, *The Financial Reporting Entity* (GASB 14), as amended by GASB Statement No.39, *Determining Whether Certain Organizations Are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*. GASB 14 defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. To be financially accountable, a voting majority of the component unit's board must be appointed by the primary government, and either: (1) the primary government must be able to impose its will or (2) the primary government may potentially benefit financially or be financially responsible for the component unit. The Lancaster Economic Development Corporation (Economic) and the Lancaster Recreational Development Corporation (Recreational) are nonprofit industrial development corporations formed in July and October 1995, respectively, under the *Development Corporation Act of 1979*. Both Economic and Recreational are organized exclusively for the purposes of benefiting and accomplishing public purposes and to act on behalf of the City. This includes the construction and renovation of municipal buildings, the acquisition, improvement and operation of parks, as well as, other economic development purposes. The affairs of these corporations are managed by two separate Boards of Directors, which are appointed by the City Council. The City Council approves annual budgets and issuances of debt. Economic and Recreational have been discretely presented in the accompanying financial statements. Separate stand-alone financial statements of the individual component units are not available.

Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the City. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. However, interfund services provided and used are not eliminated in the consolidation process. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position presents information on all the City's assets, deferred outflows, and liabilities and deferred inflows of resources, with the difference reported as "net position." Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific program of City government. *Program revenues* include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and (2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items properly not included among program revenues are reported instead as general revenues.

Fund Financial Statements

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for Governmental Funds and Proprietary Funds. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental Funds are those funds through which most governmental functions typically are financed. The measurement focus of Governmental Funds is on the sources, uses and balances of current financial resources. The City has presented the following major Governmental Funds:

General Fund – The General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Capital Projects Fund – The Capital Projects Fund is utilized to account for financial resources to be used for the acquisition or construction of major capital facilities.

General Obligation Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources and for the payment of general long-term debt principal, interest and related costs, as well as the payment of lease/purchase items. The revenue source is principally ad-valorem taxes levied by the City and transfers in for the payment of lease/purchases.

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets, deferred outflows and inflows of resources and liabilities are included on the Statement of Net Position. The City has presented the following major Proprietary Funds:

Water and Sewer Fund – The Water and Sewer Fund is used to account for the acquisition, operation and maintenance of a municipal water and sewer utility, supported primarily by user charges to the public.

Airport Fund – The Airport Fund is used to account for the operation of the City's regional airport.

Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. Operating expenses for the Proprietary Funds include the cost of personnel and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Classification of Fund Equity

Fund balances are classified as nonspendable, restricted, committed, assigned or unassigned in governmental funds. Nonspendable fund balance cannot be spent, either because it is not in spendable form or because of legal or contractual requirements. Restricted fund balances have constraints for specific purposes which are externally imposed by providers, such as creditors, grantors or other governments; or by enabling legislation of the City Council. Committed fund balances can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance or resolution. Assigned fund balances are constrained by intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by City management based on Council direction. Unassigned fund balances include residual positive fund balances within the General Fund that had not been classified within the other mentioned categories. Unassigned fund balances may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide and proprietary funds financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus. Revenues are recognized as soon as they are both measurable and available.

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, fines and forfeits, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Licenses and permits, charges for services (except for sanitation services) and rents and concessions are recorded as revenues when received in cash because they are generally not measurable until actually received. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the City considers cash and cash equivalents to be cash, external investment pools and certificates of deposit with an original maturity date of three months or less.

Investments

Investments in external investment pools are carried at either net asset value or amortized cost, as determined by each pool's individual investment valuation method and whether there is a readily determinable fair value of the pool as of the City's fiscal year end. In instances where pools transact at amortized cost, no readily determinable fair value is deemed available.

Allowance for Uncollectible Accounts

An allowance for uncollectible taxes including penalties and interest and water and sewer billed receivables is provided based on an analysis of historical trends. The allowances at September 30, 2020, were $796,064 for uncollectible taxes, $2,117,350 for water and sewer billings, $465,069 for court fees and fines and $631,092 for ambulance fees.

Inventory

Inventories, which are recognized as expenditures as they are consumed, are stated at cost (first-in, first-out) for Governmental Funds. Inventories in the General Fund consist of expendable supplies.

Prepaid Items

Prepaid balances, which are recognized as expenditures as they are consumed, are for payments made by the City in the current year for services occurring in the subsequent year.

Interfund Receivables and Payables

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are recorded as transfers.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for Proprietary Funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at acquisition value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest is capitalized on Proprietary Fund type assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expenses incurred from the date of the borrowing unit until completion of the project with interest earned on invested proceeds over the same period.

All items purchased with a price of $5,000 or greater and a useful life exceeding one year is placed on the capital asset list. Each department is required to monitor their inventory and is accountable for the location of the asset. Asset tags are issued after payment has been processed. The Purchasing Agent conducts a yearly inventory to verify the inventory.

Assets capitalized have a useful life of over one year. Depreciation is recorded on each class of depreciable property utilizing the straight-line method over the estimated useful lives of the assets. Estimated useful lives of major categories of property are:

Plants and buildings	40 years
Improvements	5 – 50 years
Machinery and equipment	5 – 10 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that quality for reporting in this category.

- Deferred loss on refunding – A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and recognized over the shorter of the life of the refunded or refunding debt.
- Employer Contributions – Pensions and OPEB – These contributions are those made after the measurement date through the fiscal year end (January 1st – September 30th) resulting in a cash outlay not yet recognized in GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* (GASB 68) and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). This amount is deferred and recognized in the following fiscal year.
- Experience difference – Pensions and OPEB –These amounts represent the difference in expected and actual pension and OPEB experience. These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Assumption changes – Pensions and OPEB – These amounts represent the difference resulting from a change in assumptions used to measure the underlying total pension liability and total OPEB liability. These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period.

In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then.

The City has the following items that qualify for reporting in this category.

- Unavailable revenue – This amount represents uncollected property taxes, municipal court fees, ambulance fees and notes receivables. This amount is deferred and recognized once payments are made in the follow fiscal year. This item is only presented in the Balance Sheet – Governmental Funds.
- Experience difference – OPEB –These amounts represent the difference in expected and actual OPEB experience. These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Investment difference – Pensions – These amounts represent the difference in projected and actual earnings on pension plan assets. These differences are deferred and amortized over a closed five-year period.

Compensated Absences

Sick leave is recorded on governmental activities for the Fire and Police Departments. All other employees are not compensated for unused sick leave. Vacation is earned in varying amounts up to a maximum of 20 days per year for employees with 10 or more years of service. Unused vacation leave carried forward from one year to the next is limited to 260 hours.

The liability for unused vested vacation leave as of September 30, 2020, is shown as a liability for compensated absences in the applicable governmental or business-type activities columns in the government-wide statements and in the fund financial statements for the Proprietary Funds. The amount to be paid from current available financial resources is not considered significant.

Defined Benefit Pension Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS' Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's total pension liability is obtained from TMRS through a report prepared for the City by TMRS' consulting actuary, Gabriel Roeder Smith & Company, in compliance with GASB 68.

Fund allocation of related balances is determined by individual employee assignment. This assignment is uniform with regard to liquidation of the liability.

Defined Benefit Other Postemployment Benefit Plans

The City has two single-employer defined benefit other postemployment benefit (OPEB) plans. For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Allocation of OPEB related balances to reporting units is determined on the basis of employee payroll funding. The total OPEB liability is generally liquidated in the General Fund.

New Pronouncements

The GASB has issued the following new statements to be implemented in future years.

GASB Statement No. 84, *Fiduciary Activities*: (GASB 84)

This statement establishes criteria for identifying fiduciary activities. It presents separate criteria for evaluating component units, pension and other postemployment benefit arrangements and other fiduciary activities. The focus is on a government controlling the assets of the fiduciary activity and identification of the beneficiaries of those assets. Fiduciary activities are reported in one of four types of funds: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds or custodial funds.

Custodial funds are used to report fiduciary activities that are not held in a trust. The agency fund designation will no longer be used. GASB 84 also provides guidance on fiduciary fund statements and timing of recognition of a liability to beneficiaries. This standard becomes effective for the City in fiscal year 2021.

GASB Statement No. 87, *Leases* (GASB 87):

This statement provides a new framework for accounting for leases under the principle that leases are financings. No longer will leases be classified between capital and operating. Lessees will recognize an intangible asset and a corresponding liability. The liability will be based on the payments expected to be paid over the lease term, which includes an evaluation of the likelihood of exercising renewal or termination options in the lease. Lessors will recognize a lease receivable and related deferred inflow of resources. Lessors will not derecognize the underlying asset.

An exception to the general model is provided for short-term leases that cannot last more than 12 months. Contracts that contain lease and nonlease components will need to be separated so each component is accounted for accordingly. This standard becomes effective for the City in fiscal year 2022.

The City has not yet determined the effect on the City's financial statements or disclosures upon implementation of these new accounting standards.

Note 2: Deposits and Investments

The deposit and investment policies of the City are governed by State Statutes and the adopted City Investment Policy. City policies governing bank deposits require depositories to be FDIC-insured institutions, and depositories must fully collateralize all deposits in excess of FDIC insurance limits.

Statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agency securities, repurchase agreements and municipal pools.

The City utilizes a pooled investment concept for all its funds to maximize its investment program. Investment income from this internal pooling is allocated to the respective funds based upon the sources of funds invested.

During the year ended September 30, 2020, the City invested in Texas CLASS, TexPool and LOGIC, which are investment pools authorized by the Texas Legislature.

Texas CLASS Texas Cooperative Liquid Assets Securities System (Texas CLASS). Texas CLASS was created specifically for the use of Texas local government entities and seeks to provide safety, liquidity, convenience and competitive rates of return. Public Trust Advisors, LLC serves as the pool's administrator and investment adviser. The marketing and operation functions of the portfolio are also performed by Public Trust Advisors, LLC. The pool is subject to the general supervision of the Board of Trustees and its Advisory Board, both of which are elected by the Texas CLASS Participants.

Wells Fargo Bank, N.A. serves as custodian for the pool. The investment objective and strategy of the pool is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. The pool offers same day access to investment funds.

Texas CLASS attempts to minimize its exposure to market and credit risk through the use of various strategies and credit monitoring techniques. Texas CLASS limits its investments in any issuer to the top two ratings issued by nationally recognized statistical rating organizations. Texas CLASS is rated AAAm by Standard & Poor's.

The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an Advisory Board composed both of participants in TexPool and of other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. Finally, TexPool is rated AAAm by Standard & Poor's. TexPool is not registered with the Securities and Exchange Commission (SEC) as an investment company.

LOGIC was established pursuant to an Interlocal Agreement, which was subsequently amended and is now entitled Participation Agreement and Trust Instrument (Agreement) between participating Government Entities. Participation in the Pool is limited to those eligible Government Entities which have become parties to the Agreement (Participants). Participants' assets in the Pool are represented by units of beneficial interest (Units), which are issued in discrete series (each a "Portfolio"), as authorized from time to time by the Board. Assets invested in any Portfolio will be managed separately, and segregated from, the assets of every other Portfolio. Since September 2005, J.P. Morgan Investment Management Inc. (JPMIM) has served as investment adviser to LOGIC. FirstSouthwest, a Division of Hilltop Securities (FirstSouthwest) and JPMIM serve as co-administrators to LOGIC, and FirstSouthwest provides administrative, participant support and marketing services. JPMorgan Chase Bank N.A. provides custodial services. The investment objective and strategy of the pool is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. The pool offers same day access to investment funds. LOGIC is rated AAAm by Standard & Poor's.

TexPool is carried at amortized cost. Texas CLASS and LOGIC are carried at net asset value. Accordingly, the fair value of the position in the pools is the same as the value of the pools shares.

As of September 30, 2020, the City had cash and cash equivalents as classified below:

Primary Government	
Cash	$ 1,495,483
Cash equivalents	74,004,709
	75,500,192
Component Units	
Cash	21,272
Cash equivalents	8,533,760
	8,555,032
Total cash and cash equivalents	$ 84,055,224

As of September 30, 2020, the City held the following investments:

	Carring Value	Weighted-Average Maturity (Days)
Primary Government		
TexPool	$ 39,260,357	30
LOGIC	30,415,464	34
Texas CLASS	4,328,888	22
Total primary government	74,004,709	
Component Units		
TexPool	4,527,258	30
LOGIC	3,507,321	34
Texas CLASS	499,181	22
Total component units	8,533,760	
Total investments	$ 82,538,469	

Interest Rate Risk

The strategy of the City is to maintain sufficient liquidity in its portfolio and structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the secondary market prior to maturity.

Custodial Credit Risk

Custodial credit risk is the risk that a government will not be able to recover: (a) deposits if the depository financial institution fails or (b) the value of investment or collateral securities that are in the possession of an outside party if the counterparty to the investment or deposit transaction fails. To minimize such risk, the City requires collateralization of most deposits in excess of coverage, utilizes the delivery vs. payment method for investment purchases and contracts with a third-party safekeeping agent.

Credit Risk

It is the City's policy to follow statutes, which authorize the City to invest in obligations of the U.S. Treasury agencies and instrumentalities, obligations of the state of Texas and related agencies, obligations of states, agencies, counties, cities and other political subdivisions of any state rated "A" or above by Standard & Poor's Corporation or Moody's, repurchase agreements and designated investment pools. The City's assets in investment pools meet this requirement as noted above.

Note 3: Disclosures About Fair Value of Assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2020:

	Fair Value
September 30, 2020	
Investments Measured at Net Asset Value	
LOGIC	$ 33,922,785
TexCLASS	4,828,069
Subtotal	38,750,854
Investments Measured at Amortized Cost	
TexPool	43,787,615
Total investments	$ 82,538,469

Certain investments that are measured using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above approximate net asset value for all related external investment pool balances.

Note 4: Property Taxes

Property taxes attach as an enforceable lien on property as of October 1. Taxes are levied on October 1, and are due and payable on or before January 31, of the following year. All unpaid taxes become delinquent February 1, of the following year. Tax collections for the year ended September 30, 2020, were 99 percent of the levy. Dallas County bills and collects property taxes for the City. Any uncollected property taxes at September 30, that are collected within 60 days is recognized as revenue and recorded as taxes receivable. Any uncollected property taxes at September 30, which are not expected to be collected within 60 days, are recorded as taxes receivable and deferred inflow of resources in governmental funds. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable, and their validity seems certain.

The statutes of the state of Texas do not prescribe a legal debt limit, nor does the City's charter provide for a debt limit. However, provision of Article XI, Section 5 of the Texas Constitution applicable to cities with populations greater than 5,000 limits the ad-valorem tax rate to $2.50 per $100 assessed valuation. However, as a city operating under a Home Rule Charter, the City has a debt limit of $1.50 per $100 assessed valuation. For the year ended September 30, 2020, the City had a tax rate of $.8197 per $100.00 assessed valuation, of which $.6052 was allocated for general government and $.2146 was allocated for the payment of principal and interest on general obligation debt.

In Texas, county-wide central appraisal districts are required to assess all property within the appraisal district on the basis of 100 percent of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every three years; however, the City may, at its own expense, require annual reviews of appraised values.

The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action. Under this legislation, the City continues to set tax rates on City property.

However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the tax rate for the previous year by more than eight percent, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than eight percent above the tax rate of the previous year. This legislation provides that, if approved by the qualified voters in the City, both the appraisal and collection functions may be placed with the appraisal district. In addition, the City may obtain approval from its governing body to place these functions with the appraisal district.

Note 5: Interfund receivables, payables, and transfers

Due To/Due From

Due to and due from other funds are the short-term portion of the advances to and advances from other funds. For the year ended September 30, 2020, due to due from transactions, excluding discretely presented component units were as follows:

	Due to Other Funds	Due from Other Funds
General Fund	$ -	$ 2,726,387
Capital Projects		18,468
Water and Sewer Fund	674,036	-
Golf Fund	1,198,941	-
Airport Fund	871,878	-
Total due to/due from	$ 2,744,855	$ 2,744,855

Interfund Transfers

For the year ended September 30, 2020, interfund transactions, excluding discretely presented component units were as follows:

	Transfers In	Transfers Out
General Fund	$ 1,886,227	$ -
Capital Projects Fund	-	-
Nonmajor Governmental Funds	-	61,460
Water and Sewer Fund	-	1,638,894
Airport Fund	-	24,373
Nonmajor Enterprise Funds	-	161,500
Total interfund transfers	$ 1,886,227	$ 1,886,227

The interfund transfers to the General Fund and Airport Fund from the Non-major Governmental and Enterprise Funds, Water and Sewer Fund, and Airport Fund is for indirect services provided by central service departments accounted for in the General Fund.

Note 6: Capital Assets

Governmental Activities

Capital assets of the Governmental Activities are as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities					
Capital assets not being depreciated					
Land	$ 13,262,490	$ -	$ -	$ -	$ 13,262,490
Construction in progress	7,115,817	3,819,791	-	-	10,935,608
Total capital assets not being depreciated	20,378,307	3,819,791	-	-	24,198,098
Capital assets being depreciated					
Buildings	37,183,289	-	-	-	37,183,289
Infrastructure, improvements, equipment and furniture	122,820,969	2,562,172	-	-	125,383,141
Total capital assets being depreciated	160,004,258	2,562,172	-	-	162,566,430
Less accumulated depreciation for:					
Buildings	9,640,475	839,114	-	-	10,479,589
Infrastructure, improvements, equipment and furniture	68,240,268	5,217,649	-	-	73,457,917
Total accumulated depreciation	77,880,743	6,056,763	-	-	83,937,506
Total capital assets being depreciated, net	82,123,515	(3,494,591)	-	-	78,628,924
Governmental activities capital assets, net	$ 102,501,822	$ 325,200	$ -	$ -	$ 102,827,022

Depreciation expense was charged as a direct expense to programs of the primary government as follows:

General and administrative	$ 682,430
Public safety	4,418,670
Public works	570,410
Community development and recreation	385,253
Total depreciation expense – governmental activities	$ 6,056,763

Business-type Activities

Capital assets of the Business-type Activities are as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type Activities					
Capital assets not being depreciated					
Land	$ 4,971,266	$ -	$ -	$ -	$ 4,971,266
Construction in progress	2,404,490	408,853	-	(830,878)	1,982,465
Total capital assets not being depreciated	7,375,756	408,853	-	(830,878)	6,953,731
Capital assets being depreciated					
Plants and buildings	2,808,948	-	-	-	2,808,948
Other improvements	79,181,897	1,437,448	-	830,878	81,450,223
Vehicles	239,461	61,797	-	-	301,258
Machinery and equipment	3,512,779	582,283	-	-	4,095,062
Total capital assets being depreciated	85,743,085	2,081,528	-	830,878	88,655,491
Less accumulated depreciation for:					
Plants and buildings	2,429,331	35,173	-	-	2,464,504
Other improvements	39,779,006	1,630,766	-	-	41,409,772
Machinery and equipment	3,020,828	146,569	-	-	3,167,397
Total accumulated depreciation	45,229,165	1,812,508	-	-	47,041,673
Total capital assets being depreciated, net	40,513,920	269,020	-	830,878	41,613,818
Business-type activities capital assets, net	$ 47,889,676	$ 677,873	$ -	$ -	$ 48,567,549

Depreciation expense was charged as a direct expense to programs of the primary government as follows:

Water and Sewer	$ 1,563,125
Airport	121,291
Golf	74,725
Refuse	53,367
Total depreciation expense – business-type activities	$ 1,812,508

Discretely Presented Component Units

Capital assets of the Lancaster Economic Development Corporation are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Lancaster Economic Development Corporation				
Capital assets not being depreciated				
Land	$ 100,378	$ -	$ -	$ 100,378
Total capital assets not being depreciated	$ 100,378	$ -	$ -	$ 100,378

Capital assets of the Lancaster Recreational Development Corporation are as follows:

	Beginning Balance	Increases	Transfers	Ending Balance
Lancaster Recreational Development Corporation				
Capital assets not being depreciated				
Land	$ 989,118	$ -	$ -	$ 989,118
Total capital assets not being depreciated	989,118	-	-	989,118
Capital assets being depreciated				
Buildings	15,797,360	-	-	15,797,360
Other Improvements	3,965,809	-	-	3,965,809
Machinery and Equipment	2,020,945	226,712	-	2,247,657
Total capital assets being depreciated	21,784,114	226,712	-	22,010,826
Less accumulated depreciation for:				
Buildings	7,673,427	138,609		7,812,036
Other Improvements	3,965,809	396,016		4,361,825
Machinery and Equipment	626,877	28,991		655,868
Total accumulated depreciation	12,266,113	563,616	-	12,829,729
Total capital assets being depreciated, net	9,518,001	(336,904)	-	9,181,097
Lancaster Recreational Development Corporation capital assets, net	$ 10,507,119	$ (336,904)	$ -	$ 10,170,215

Note 7: Long-term Liabilities

The following is a summary of changes in long-term liabilities:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental Activities					
General obligation bonds	$ 58,845,017	$ 24,530,000	$(21,465,000)	61,910,017	$ 3,605,000
Certificates of obligation	13,600,000	-	(9,920,000)	3,680,000	80,000
Notes payable	2,520,896	-	(661,313)	1,859,583	707,605
Premiums on bond debt	1,955,408	3,675,133	(308,084)	5,322,457	-
Compensated absences	3,599,035	3,401,427	(3,599,035)	3,401,427	340,143
Capital leases	785,432	244,124	(189,507)	840,049	158,193
Total governmental activities	$ 81,305,788	$ 31,850,684	$(36,142,939)	$ 77,013,533	$ 4,890,941
Business-type Activities					
General obligation bonds	$ 1,419,983	$ -	$ (150,000)	$ 1,269,983	$ 150,000
Certificates of obligation	5,165,000	-	(340,000)	4,825,000	355,000
Premiums on bond debt	126,017	-	(18,896)	107,121	-
Compensated absences	101,257	124,260	(101,257)	124,260	49,058
Total business-type activities	$ 6,812,257	$ 124,260	$ (610,153)	$ 6,326,364	$ 554,058
Discretely Presented Component Units					
Notes payable to primary government	$ 6,285,000	$ -	$ (785,000)	$ 5,500,000	$ 945,000
Total discretely presented component units	$ 6,285,000	$ -	$ (785,000)	$ 5,500,000	$ 945,000

General long-term debt consists of the following: capital leases; liabilities for accrued vacation leave; general obligation bonds and certificates of obligation, which are direct obligations; issued on the full faith and credit of the City. Principal and interest payments on the general obligation bonds and certificates of obligation are secured by ad-valorem taxes levied on all taxable property within the City, and surplus revenues of the Water and Sewer Fund and Airport Fund. A portion of the general obligation bonds has been issued on behalf of the Water and Sewer Fund. Although these bonds are secured by the full faith and credit of the City and have no specific claim against Water and Sewer Fund assets, debt service requirements are provided by the Water and Sewer Fund. Accordingly, this debt is reflected as an obligation of the Water and Sewer Fund.

For the governmental activities, compensated absences and net pension liabilities are generally liquidated in the General Fund and Stormwater Fund. The total OPEB liability is generally liquidated in the General Fund.

General obligation bonds, revenue bonds, certificates of obligation, notes payable and capital leases outstanding at September 30, 2020, consist of the following:

	Governmental Activities	Water and Sewer	Airport	Total Primary Government
General Obligation Bonds				
$12,240,000, 2012 General Obligation Refunding Bonds, due in annual installments through February 15, 2024, 2.00% – 5.00%	$ 5,205,000	$ 130,000	$ 40,000	$ 5,375,000
$22,530,000, 2015 General Obligation Refunding Bonds, due in annual installments through February 15, 2035, 2.00% – 3.75%	20,420,017	929,983	-	21,350,000
$6,575,000, 2016 General Obligation Refunding Bonds, due in annual installments through February 15, 2032, 2.00% – 4.00%	2,960,000	170,000	-	3,130,000
$9,050,000, 2018 General Obligation Bonds, due in annual installments through February 15, 2038 3.00% - 3.50%	8,795,000	-	-	8,795,000
$24,530,000 2020 General Obligation Refunding Bonds, due in annual installments through February 15, 2040 3.00% - 4.00%	24,530,000	-	-	24,530,000
Total general obligation bonds	$ 61,910,017	$ 1,229,983	$ 40,000	$ 63,180,000
Certificates of Obligation				
$7,585,000, 2011 Certificate of Obligation Bonds, due in annual installments through August 15, 2031, 2.00% – 3.50%	-	4,825,000	-	4,825,000
$4,080,000, 2015 Certificate of Obligation Bonds, due in annual installments through February 15, 2035, 2.00% – 3.75%	3,680,000	-	-	3,680,000
Total certificates of obligation	$ 3,680,000	$ 4,825,000	$ -	$ 8,505,000

The city has pledged future water customer revenues, net of specified operating expenses, to repay $7.6 million in water system revenue bonds issued in 2011. Proceeds from the bonds provided financing for the improvement to the Airport. The bonds are payable solely from water customer net revenues and are payable through 2032. Annual principal and interest payments on the bonds are expected to require less than 25 percent of net revenues. The total principal and interest remaining to be paid on the bonds is $5,815,098. Principal and interest paid for the current year was $494,456. Total water and sewer customer net revenues for the current year were $4,194,112.

	Governmental Activities	Total Primary Government	Discretely Presented Component Units
Note Payable - Direct Borrowings			
$11,650,000 note payable, due in annual installments through February 15, 2024; 3.00% – 4.50%	$ -	$ -	$ 4,130,000
$1,125,000 note payable, due in annual installments through February 15, 2027; 2.00% – 3.75%	-	-	1,370,000
$5,690,000 note payable, due in annual installments beginning October 2013 through October 2022; 7.00%	1,859,583	1,859,583	-
Total notes payable	$ 1,859,583	$ 1,859,583	$ 5,500,000
Capital Leases - Direct Borrowings			
$1,250,000 Lease Purchase Agreement due in due in monthly installments through January 15, 2024; 2.08%	$ 360,000	$ 360,000	$ -
$431,500 Lease Purchase Agreement due in bi-annual installments through May 25, 2025; 3.55%	480,049	480,049	-
Total capital leases	$ 840,049	$ 840,049	$ -

Capital leases represent the remaining principal amounts payable under lease purchase agreements for the acquisition of equipment through the General Fund and Water and Sewer Fund. The lease purchase agreements are collateralized by the related financed equipment.

As of September 30, 2020, property and equipment under capital leases is carried at $1,701,386, with $864,534 in estimated accumulated depreciation, included in fixed assets. Amortization of these assets is included with depreciation expense.

The annual requirements to amortize the long-term debt as of September 30, 2020, are as follows:

General Obligation Bonds

Fiscal	Governmental Activities			Business-type Activities		
Year	Principal	Interest	Total	Principal	Interest	Total
2021	$ 3,605,000	$ 2,407,400	$ 6,012,400	$ 150,000	$ 46,450	$ 196,450
2022	3,785,000	2,246,125	6,031,125	155,000	39,225	194,225
2023	3,950,000	2,074,975	6,024,975	170,000	31,775	201,775
2024	4,060,000	1,913,925	5,973,925	175,000	24,100	199,100
2025	3,210,000	1,775,425	4,985,425	135,000	17,075	152,075
2026-2030	17,290,000	6,830,425	24,120,425	484,983	14,175	499,158
2031-2035	16,330,000	3,412,625	19,742,625	-	-	-
2036-2040	9,680,017	926,875	10,606,892	-	-	-
Total	$ 61,910,017	$ 21,587,775	$ 83,497,792	$ 1,269,983	$ 172,800	$ 1,442,783

Certificates of Obligation

Fiscal	Governmental Activities			Business-type Activities		
Year	Principal	Interest	Total	Principal	Interest	Total
2021	$ 80,000	$ 125,530	$ 205,530	$ 355,000	$ 147,656	$ 502,656
2022	80,000	123,330	203,330	370,000	140,556	510,556
2023	80,000	120,930	200,930	385,000	129,456	514,456
2024	80,000	118,530	198,530	400,000	117,906	517,906
2025	190,000	114,480	304,480	415,000	105,906	520,906
2026-2030	1,030,000	480,564	1,510,564	2,360,000	329,719	2,689,719
2031-2035	2,140,000	238,591	2,378,591	540,000	18,900	558,900
Total	$ 3,680,000	$ 1,321,955	$ 5,001,955	$ 4,825,000	$ 990,099	$ 5,815,099

Changes in Financing

During fiscal year 2020, the City executed a current refunding in the amount of $27,770,000 of Series 2010 Certificates of Obligation and General Obligation Bonds. The bonds were refunded with $24,530,000 Series 2020 General Obligation Refunding Bonds dated February 19, 2020 bearing interest at rates ranging from 3% to 4%. The refunding was undertaken to achieve debt service savings and the remaining proceeds from the sale of the bonds will be used for the discharge and final payment of certain outstanding obligations for the City. As a result of the refunding transaction, the City achieved a cash flow savings of $5,715,639 and an economic gain of $4,443,702.

Fiscal Year	Note Payable - Direct Borrowing Governmental Activities Principal	Interest	Total
2021	$ 707,605	$ 102,532	$ 810,137
2022	704,137	53,000	757,137
2023	447,841	53,000	500,841
Total	$ 1,859,583	$ 208,532	$ 2,068,115

Fiscal Year	Note Payable - Direct Borrowing Discretely Presented Component Units Principal	Interest	Total
2021	$ 945,000	$ 187,925	$ 1,132,925
2022	1,000,000	140,000	1,140,000
2023	1,040,000	94,050	1,134,050
2024	1,080,000	50,625	1,130,625
2025	190,000	24,100	1,264,950
2026-2030	1,245,000	19,950	-
Total	$ 5,500,000	$ 516,650	$ 5,802,550

Fiscal Year	Capital Leases - Direct Borrowings Governmental Activities Principal	Interest	Total
2021	158,193	23,614	181,807
2022	193,068	18,052	211,120
2023	196,757	12,359	209,116
2024	200,578	6,847	207,425
2025	91,453	2,168	93,621
Total	$ 840,049	$ 63,040	$ 903,089

Note 8: Employee Retirement System

Plan Description

The City provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide TMRS, an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within options available in the governing state statutes of TMRS. Lancaster Economic Development Corporation and Lancaster Recreational Development Corporation contribute to the plan with a cost share of 0.93 percent and 4.46 percent, respectively. There were no significant changes in the component unit's proportion to the plan during fiscal year 2020.

TMRS issues a publicly available comprehensive financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the system. This report may be obtained by writing to Texas Municipal Retirement System, P.O. Box 149153, Austin, Texas, 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at www.TMRS.com.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

Deposit rate	7.00%
Matching ratio (City to employee)	2 – 1
Years required for vesting	5
Service retirement eligibility	20 years at any age, 5 years at age 60 and above
Updated service credit	100% Repeating, Transfers
Annuity increase (to retirees)	50% of CPI Repeating

At the December 31, 2019, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	202
Inactive employees entitled to but not yet receiving benefits	254
Active employees	264
Total employees	720

Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the entry age normal actuarial cost method beginning with the 2013 valuations. This rate consists of the normal cost contribution rate and the prior service contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded actuarial liability over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City's contributions to TMRS for the year ended September 30, 2020, were $2,451,002, and were equal to the required contributions.

The City contributes to the TMRS plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect (*i.e.*, December 31, 2012, valuation is effective for the rates beginning January 1, 2014).

Net Pension Liability

Actuarial Assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year
Investment rate of return	6.75% net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109 percent and female rates multiplied by 103 percent. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109 percent and female rates multiplied by 103 percent with a 3-year set-forward for both males and females. In addition, a three percent minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the three percent floor.

Actuarial assumptions used in the December 31, 2019, valuation was based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a *Mortality Experience Investigation Study* covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013, valuation along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments is 6.75 percent. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, the actuary focused on the area between : (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	30.00%	5.30%
Core Fixed Income	10.00%	1.25%
Non-Core Fixed Income	20.00%	4.14%
Real Return	10.00%	3.85%
Real Estate	10.00%	4.00%
Absolute Return	10.00%	3.48%
Private Equity	10.00%	7.75%
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will remain at the current 7.00 percent and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of October 1, 2019	$ 85,936,590	$ 68,548,165	$ 17,388,425
Changes for the year			
Service cost	2,815,735	-	2,815,735
Interest on total pension liability	5,772,620	-	5,772,620
Effect of difference in expected and actual experience	184,748	-	184,748
Benefit payments	(3,648,333)	(3,648,333)	-
Changes in assumptions	287,170	-	287,170
Administrative expenses	-	(59,880)	59,880
Member contributions	-	1,263,214	(1,263,214)
Net investment income	-	10,594,869	(10,594,869)
Employer contributions	-	2,416,349	(2,416,349)
Other	-	(1,798)	1,798
Net changes	5,411,940	10,564,421	(5,152,481)
Balances as of September 30, 2020	$ 91,348,530	$ 79,112,586	$ 12,235,944

	2020	2019
Proportionate share and net pension liability reported in:		
Primary Government	94.62%	$ 11,577,744
Lancaster Economic Development Corporation	0.94%	115,227
Lancaster Recreational Development Corporation	4.44%	542,973
Total	100.00%	$ 12,235,944

Sensitivity of the Net Pension Liability to Changes in the Discount Rate:

The following presents the net pension liability of the City, by primary government and discretely presented component units, calculated using the discount rate of 6.75 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Single Rate Assumption (6.75%)	1% Increase (7.75%)
Primary government	$ 25,103,491	$ 11,577,744	$ 678,452
Lancaster Economic Development Corporation	249,841	115,227	6,752
Lancaster Recreational Development Corporation	1,177,303	542,973	31,818
Plan's net pension liability	$ 26,530,636	$ 12,235,944	$ 717,022

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's Fiduciary Net Position is available in a separately issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2020, the primary government recognized pension expense, as measured in accordance with GASB 68, of $2,983,131.

At September 30, 2020, the primary government reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 289,856	$ -
Change of assumptions	189,816	-
Net difference between projected and actual investment earnings plan investments		2,284,974
Contributions subsequent to the measurement date	1,692,867	-
Total	$ 2,172,539	$ 2,284,974

For the year ended September 30, 2020, the primary government reported $1,692,867 as deferred outflows of resources related to pensions resulting from primary government contributions subsequent to the measurement date and prior to year-end. This amount will be recognized as a reduction in the net pension liability at September 30, 2020.

For the year ended September 30, 2020, Lancaster Economic Development Corporation recognized pension expense, as measured in accordance with GASB 68, of $26,848.

At September 30, 2020, Lancaster Economic Development Corporation reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,751	$ -
Change of assumptions	1,806	-
Net difference between projected and actual investment earnings plan investments		21,774
Contributions subsequent to the measurement date	15,830	-
Total	$ 20,387	$ 21,774

For the year ended September 30, 2020, Lancaster Economic Development Corporation reported $15,830 as deferred outflows of resources related to pensions resulting from Lancaster Economic Development Corporation contributions subsequent to the measurement date and prior to year-end. This amount will be recognized as a reduction in the net pension liability at September 30, 2020.

For the year ended September 30, 2020, Lancaster Recreational Development Corporation recognized pension expense, as measured in accordance with GASB 68, of $134,539.

At September 30, 2020, Lancaster Recreational Development Corporation reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 13,718	$ -
Change of assumptions	9,050	-
Net difference between projected and actual investment earnings plan investments		110,658
Contributions subsequent to the measurement date	76,279	-
Total	$ 99,047	$ 110,658

For the year ended September 30, 2020, Lancaster Recreational Development Corporation reported $76,279 as deferred outflows of resources related to pensions resulting from Lancaster Recreational Development Corporation contributions subsequent to the measurement date and prior to year-end. This amount will be recognized as a reduction in the net pension liability at September 30, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the primary government will be recognized in pension expense as follows:

Year Ending September 30,	
2020	$ (397,387)
2021	(499,748)
2022	218,865
2023	(1,127,032)
Total	$ (1,805,302)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to Lancaster Economic Development Corporation will be recognized in pension expense as follows:

Year Ending September 30,	
2020	$ (3,955)
2021	(4,974)
2022	2,178
2023	(10,467)
Total	$ (17,217)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to Lancaster Recreational Development Corporation will be recognized in pension expense as follows:

Year Ending September 30,	
2020	$ (18,637)
2021	(23,437)
2022	10,264
2023	(56,080)
Total	$ (87,890)

Note 9: Other Postemployment Benefits

Retiree Health Care Plan

Plan Description

The City provides post-employment medical care (OPEB) for employees through a single-employer defined benefit medical plan. The plan provides medical benefits for eligible retirees, their spouses and dependents through the City's group health insurance plans, which cover both active and retired members. The benefit levels and contribution rates are approved annually by the City management and the City Council as part of the budget process.

Since no assets are accumulated in a trust that meets the criteria of paragraph four of GASB 75, the plan is not accounted for as a trust fund. The plan does not issue a separate financial report.

Benefits Provided

The City provides post-employment medical and dental care benefits to its retirees. Retirees who elect COBRA cannot later elect retiree coverage. To be eligible for coverage an employee must qualify under all three of the following:

1. The retiree must have been covered for medical benefits under the City Health Plan as an employee immediately prior to termination of employment.
2. Apply for pension benefits from TMRS in accordance with their requirements and deadlines, but in no event later than 90 days from termination of employment; and
3. Enroll for retiree Health coverage within 31 days of the date of termination.

Funding Policy

The plan's premium rates are determined annually by City management and approved by the City Council as part of the annual budget. Members receiving HMO medical benefits contribute $613 per month for retiree-only coverage, $1,348 per month for retiree and spouse, and $2,086 per month for retiree and family. Members receiving PPO medical benefits contribute $679 per month for retiree-only coverage, $1,495 per month for retiree and spouse, and $2,313 per month for retiree and family. By the City not contributing anything toward this plan in advance, the City employs a pay-as-you-go method through ensuring the annual employer contributions each year are equal to the benefits that are paid on behalf of the retirees.

Employees Covered by Benefit Terms

Membership in the Plan by membership class at December 31, 2019, (measurement date), is as follows:

Inactive employees or beneficiaries currently receiving benefits	10
Inactive employees entitled to but not yet receiving benefits	-
Active employees	257
Total employees	267

Total OPEB Liability for Retiree Health Care Plan

The City and its component units' total OPEB liability of $1,358,282 was measured as of December 31, 2019.

Actuarial Assumptions

The total OPEB liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	December 31, 2019
Actuarial Cost Method	Individual Entry-Age
Discount Rate	2.75% as of December 31, 2019
Inflation	2.50%
Salary Increase	3.50% to 11.50%, including inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2018, as conducted for the Texas Municipal Retirement System (TMRS).
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas Mortality Tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality rates.
Health Care Trend Rates	Initial rate of 7.10% declining to an ultimate rate of 4.25% after 14 years
Participation Rates	25% for pre-65 retirees who are at least 50 years old at retirement; 0% for retirees younger than 50 years old at retirement

For plans that do not have a formal trust that meets GASB's requirements, the discount rate equals the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. The discount rate was based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index".

Changes in Total OPEB Liability for Retiree Health Care Plan

The total OPEB liability and related information are as follows for the City and its component units at September 30, 2020:

	Total OPEB Liability
Balances as of October 1, 2019	$ 1,207,271
Changes for the year:	
Service cost	64,079
Interest on total OPEB liability	44,458
Difference between expected and actual experience	12,409
Effect of assumption changes (discount rate change)	112,094
Benefit payments, age adjusted premiums, net of retiree contributions	(82,029)
Balances as of September 30, 2020	$ 1,358,282
City	$ 1,276,784
Lancaster Economic Development Corporation	$ 13,583
Lancaster Recreational Development Corporation	$ 67,915

Sensitivity of Total OPEB Liability to Changes in the Discount Rate

The total OPEB liability of the City and its component units has been calculated using a discount rate of 2.75 percent. The following presents the total OPEB liability using a discount rate one percent higher and one percent lower than the current discount rate.

	1% Decrease 1.75%	Current Discount Rate Assumption 2.75%	1% Increase 3.75%
Total OPEB Liability	$ 1,500,154	$ 1,358,282	$ 1,231,107

Sensitivity of Total OPEB Liability to Changes in the Health Care Trend Rates

The total OPEB liability of the City and its component units has been calculated using a health care trend rate of 7.10 percent. The following presents the total OPEB liability using a discount rate one percent higher and one percent lower than the current discount rate.

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Total OPEB Liability	$ 1,193,964	$ 1,358,282	$ 1,556,560

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended September 30, 2020, the City and its component units recognized OPEB expense of $127,952. At September 30, 2020, the City and its component units reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 10,927	$ 13,556
Changes of assumptions	138,695	-
Benefit payments subsequent to the measurement date	49,720	-
Total	$ 199,342	$ 13,556

Benefit payments subsequent to the measurement date and before fiscal year-end will be recognized as a reduction of the total OPEB liability in the year ending September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending September 30	Amortization of Deferred Outflows/(Inflows) of Resources
2021	$ 19,416
2022	19,416
2023	19,416
2024	19,416
2025	19,416
Thereafter	38,986
Total	$ 136,066

Supplemental Death Benefit Fund

Plan Description

The City also participates in the single-employer defined benefit OPEB plan providing group term life insurance which is operated by TMRS and is known as the Supplemental Death Benefits fund (SDBF). The City elected, by ordinance, to provide group term life insurance coverage to active and retired members. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1, of any year to be effective the following January 1.

Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for $7,500; this coverage is an "other post-employment benefit" or OPEB.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. This rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree life insurance during employees' entire careers. No assets are accumulated in a trust that meets the criteria in paragraph four of GASB 75.

Employees Covered by Benefit Terms

The following employees were covered by the benefit terms at December 31, 2019, (measurement date), is as follows:

Inactive employees or beneficiaries currently receiving benefits	124
Inactive employees entitled to but not yet receiving benefits	37
Active employees	264
Total employees	425

Total OPEB Liability for Supplemental Death Benefits

The City and its component units total OPEB liability of $847,429 was measured as of December 31, 2019, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	December 31, 2019
Actuarial Cost Method	Individual Entry-Age
Discount Rate	2.75% as of December 31, 2019
Inflation	2.50%
Salary Increases	3.50% to 11.50%, including inflation
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates – service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates – disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully geneartional basis by Scale UMP to account for future mortality improvements subject to the floor.

The TMRS SDBF is treated as unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not accumulated in a trust that meets the criteria of paragraph four of GASB 75. Under GASB 75 (paragraph 155), the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 3.71 percent based on the 20-Year Municipal GO AA Index published by bondbuyer.com is used as of the measurement date of December 31, 2019. At transition, GASB 75 also requires that the Total OPEB Liability (TOL) as of the prior fiscal year end be estimated based on the 20-Year Bond GO Index.

Changes in Total OPEB Liability for Supplemental Death Benefits

The total OPEB liability and related information are as follows for the City and its component units at September 30, 2020:

	Total OPEB Liability
Balances as of October 1, 2019	$ 697,952
Changes for the year	
Service cost	27,057
Interest on total OPEB liability	26,296
Differences between expected and actual experience	(39,707)
Effect of assumption changes (discount rate change)	141,242
Benefit payments and age adjusted premiums, net of retiree contributions	(5,411)
Balances as of September 30, 2020	$ 847,429
City	$ 796,583
Lancaster Economic Development Corporation	$ 8,475
Lancaster Recreational Development Corporation	$ 42,371

Sensitivity of Total OPEB Liability to Changes in the Discount Rate

The total OPEB liability of the City and its component units has been calculated using a discount rate of 2.75 percent. The following presents the total OPEB liability using a discount rate one percent higher and one percent lower than the current discount rate.

	1% Decrease 1.75%	Current Discount Rate Assumption 2.75%	1% Increase 3.75%
Total OPEB Liability	$ 1,034,423	$ 847,429	$ 703,680

OPEB Expense and Deferred Outflows of Resources

For the year ended September 30, 2020, the City and its component units recognized OPEB expense of $70,355. At September 30, 2020, the City and its component units reported deferred outflows of resources related to OPEB from the following sources:

	Outflows of Resources	Inflows of Resources
Differences in experience	$ -	$ 42,912
Changes of assumptions	109,078	-
Total	$ 109,078	$ 42,912

Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

September 30,	Amortization of Deferred Outflows of Resources
2020	$ 17,002
2021	17,002
2022	11,912
2023	12,040
2024	8,210
Total	$ 66,166

Note 10: Litigation

The City is party to several legal actions arising in the ordinary course of business. In the opinion of the City's legal counsel and management, the City has adequate legal defense and/or insurance coverage regarding each of these actions and does not believe the amount is probable.

The City is involved in a litigation case with White Rock Commercial, LLC (White Rock). The case involves the City repaying the cost of infrastructure improvements placed by White Rock. The case was settled subsequent to year end in the amount of $1,500,000 which has been included within accrued liabilities in the General Fund in the accompanying financial statements.

Note 11: Commitments and Contingencies

Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is part of the Texas Municipal League Intergovernmental Risk Pool (Pool). Premiums are paid to the Pool, which retain a limit of loss. Reinsurance companies insure the risks beyond those limits. The City retains, as a risk, only the deductible amount of each policy. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in any of the past three fiscal years.

Trinity River Authority of Texas

The City contracts with Trinity River Authority of Texas (TRA), a conservation and reclamation district, whereby TRA finances, constructs, operates and maintains sewage transportation and treatment facilities for the benefit of the City. The current contract is extended through the date until which all bonds have been paid. The City makes payments monthly, which are based on an estimate of its share of costs. The City's share of costs for the fiscal year ended September 30, 2020, was $6,157,872, for the Ten Mile Creek Regional Wastewater System and $114,642, for the Red Oak Creek Regional Wastewater System. This estimate is calculated by TRA who makes adjustments for over/under charges in the City's next fiscal year. There were no adjustments to the amounts as calculated by the TRA for the year ended September 30, 2020.

Federal and State Programs

The City participates in several federal and state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that if the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at September 30, 2020, may be impaired.

Other Contingencies

There are other claims and pending actions incidental to normal operations of the City. In the opinion of the City administration, the City's potential liability in these matters will not have a material impact in the accompanying financial statements.

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the City. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Note 12: Tax Incentive Rebates

The City of Lancaster has four (4) active Commercial Development and Job Related Incentive Rebates that develop or redevelop a particular property attracting business that generates incremental tax revenues. In addition to GASB 77, the agreements are subject Chapter 380 of the Texas Local Government Code that promotes local economic development, commercial activity and business stimulation. City Council approves the agreements via resolution. As part of the agreement, the City agrees to rebate the tax valorem tax increment and the local sales tax after confirmation of payment. If the businesses do not meet the obligations as set forth in the agreement, a clawback provision for default on agreement is included in the agreement and the business agrees to return a percentage of the rebate back to the City. Total rebate of taxes for the year ended September 30, 2020, is $1,939,969.

Required Supplementary Information

City of Lancaster, Texas

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios

Texas Municipal Retirement System (Unaudited)

	Measurement Year					
	2014	2015	2016	2017	2018	2019
Total Pension Liability						
Service cost	$ 1,754,296	$ 2,193,202	$ 2,335,235	$ 2,469,383	$ 2,640,859	$ 2,815,735
Interest (on the Total Pension Liability)	4,600,938	4,801,518	4,963,011	5,149,906	5,442,872	5,772,620
Changes in benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(470,634)	190,955	(1,104,406)	312,809	311,293	184,748
Changes in assumptions	-	961,057	-	-	-	287,170
Benefit payments, including refunds of employee contributions	(3,082,997)	(3,394,263)	(3,175,270)	(3,808,922)	(3,546,289)	(3,648,333)
Net change in total pension liability	2,801,603	4,752,469	3,018,570	4,123,176	4,848,735	5,411,940
Total pension liability – Beginning	66,392,037	69,193,640	73,946,109	76,964,679	81,087,855	85,936,590
Total pension liability – Ending (a)	$ 69,193,640	$ 73,946,109	$ 76,964,679	$ 81,087,855	$ 85,936,590	$ 91,348,530
Plan Fiduciary Net Position						
Contributions – employer	$ 1,950,250	$ 2,038,833	$ 1,994,083	$ 2,199,587	$ 2,288,860	$ 2,416,349
Contributions – employee	943,452	1,019,417	1,049,207	1,110,905	1,190,342	1,263,214
Net investment income	3,212,784	87,279	3,975,648	8,679,960	(2,119,471)	10,594,869
Benefit payments, including refunds of employee contributions	(3,082,997)	(3,394,263)	(3,175,270)	(3,808,922)	(3,546,289)	(3,648,333)
Administrative expense	(33,545)	(53,164)	(44,915)	(44,995)	(40,975)	(59,880)
Other	(2,758)	(2,625)	(2,420)	(2,281)	(2,140)	(1,799)
Net change in plan fiduciary net position	2,987,186	(304,523)	3,796,333	8,134,254	(2,229,673)	10,564,420
Plan fiduciary net position – Beginning	56,164,588	59,151,774	58,847,251	62,643,584	70,777,838	68,548,165
Plan fiduciary net position – Ending (b)	$ 59,151,774	$ 58,847,251	$ 62,643,584	$ 70,777,838	$ 68,548,165	$ 79,112,585
City's net pension liability – Ending (a) – (b)	$ 10,041,866	$ 15,098,858	$ 14,321,095	$ 10,310,017	$ 17,388,425	$ 12,235,945
Plan fiduciary net position as a percentage of the total pension liability	85.49%	79.58%	81.39%	87.29%	79.77%	86.61%
Covered payroll	$ 13,477,886	$ 14,563,096	$ 14,988,669	$ 15,870,071	$ 17,004,884	$ 18,038,022
City's net pension liability as a percentage of covered payroll	74.51%	103.68%	95.55%	64.97%	102.26%	67.83%

Changes in assumptions: In the 2015 valuation the investment rate decreased from 7.0 percent to 6.75 percent; the inflation rate was lowered from 3.0 percent to 2.5 percent; the experience study for retirement age was updated.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available. Information has been determined as of the City's measurement date (December 31).

City of Lancaster, Texas
Required Supplementary Information
Schedule of Contributions
Texas Municipal Retirement System (Unaudited)

	Fiscal Year					
	2015	2016	2017	2018	2019	2020
Actuarially determined contribution	$ 2,012,259	$ 2,002,110	$ 2,134,819	$ 2,285,017	$ 2,441,322	$ 2,451,002
Contributions in relation to the actuarially determined contribution	2,012,259	2,002,110	2,134,819	2,285,017	2,441,322	2,451,002
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 14,156,179	$ 14,839,963	$ 15,572,564	$ 16,678,121	$ 18,031,676	$ 18,060,708
Contributions as a percentage of covered payroll	14.21%	13.49%	13.71%	13.70%	13.54%	13.57%

Notes to Schedule of Contributions

Valuation Date:

Notes	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	26 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50%, including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018
Mortality	Post retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality rates, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes	There were no benefit changes during the year

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available. Information has been determined as of the the City's most recent fiscal year-end (September 30).

City of Lancaster, Texas

Required Supplementary Information

Schedule of Proportionate Share of Net Pension Liability and Contributions

Texas Municipal Retirement System (Unaudited)

	Primary Government					
	2015	2016	2017	2018	2019	2020
Proportionate share of net pension liability	94.63%	94.61%	94.62%	94.63%	94.61%	94.62%
Net pension liability	$ 9,502,407	$ 14,285,030	$ 13,550,087	$ 9,756,009	$ 16,451,475	$ 11,577,744
Actuarially determined contribution	$ 1,904,158	$ 1,894,295	$ 1,894,396	$ 2,162,232	$ 2,309,775	$ 2,319,138
Covered payroll	$ 13,395,694	$ 14,040,821	$ 14,041,573	$ 15,781,923	$ 17,060,067	$ 17,067,576
Proportionate share of net pension liability as a percentage of covered payroll	70.94%	101.74%	96.50%	61.82%	96.43%	67.83%

	Lancaster Economic Development Corporation					
	2015	2016	2017	2018	2019	2020
Proportionate share of net pension liability	0.95%	0.93%	0.93%	0.95%	0.93%	0.94%
Net pension liability	$ 95,378	$ 140,419	$ 133,994	$ 97,894	$ 161,599	$ 115,227
Actuarially determined contribution	$ 19,113	$ 18,696	$ 18,620	$ 21,696	$ 22,688	$ 23,039
Covered payroll	$ 134,456	$ 138,576	$ 138,012	$ 158,359	$ 167,577	$ 169,557
Proportionate share of net pension liability as a percentage of covered payroll	70.94%	101.33%	97.09%	61.82%	96.43%	67.96%

	Lancaster Recreational Development Corporation					
	2015	2016	2017	2018	2019	2020
Proportionate share of net pension liability	4.42%	4.45%	4.45%	4.42%	4.46%	4.44%
Net pension liability	$ 444,082	$ 671,899	$ 637,014	$ 456,114	$ 775,350	$ 542,973
Actuarially determined contribution	$ 88,988	$ 89,119	$ 89,094	$ 101,089	$ 108,859	$ 108,824
Covered payroll	$ 626,029	$ 660,566	$ 660,378	$ 737,838	$ 804,033	$ 800,888
Proportionate share of net pension liability as a percentage of covered payroll	70.94%	101.72%	96.46%	61.82%	96.43%	67.80%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available. Information has been determined as of the City's most recent fiscal year-end (September 30).

City of Lancaster, Texas

Required Supplementary Information

Retiree Health Care Plan

Schedule of Changes in the City's Total OPEB Liability and Related Ratios (Unaudited)

	Measurement Year		
	2017	2018	2019
Total OPEB Liability			
Service Cost	$ 51,667	$ 65,663	$ 64,079
Interest Cost	41,389	39,252	44,458
Difference Between Expected and Actual Experience of the Total OPEB Liability	(1,641)	(16,374)	12,409
Changes of Assumptions	57,658	2,136	112,094
Benefit Payments	(40,219)	(72,858)	(82,029)
Net Change in Total OPEB Liability	108,854	17,819	151,011
Total OPEB Liability (Beginning)	1,080,598	1,189,452	1,207,271
Total OPEB Liability (Ending)	$ 1,189,452	$ 1,207,271	$ 1,358,282
Covered-Employee Payroll	15,871,627	17,005,491	17,580,142
Total OPEB Liability as a Percentage of Covered-Employee Payroll	7.49%	7.10%	7.73%

Changes of assumptions reflect a change in the discount rate from 3.71% as of December 31, 2018 to 2.75% as of December 31, 2019.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available. Information has been determined as of the City's measurement date (December 31).

City of Lancaster, Texas

Required Supplementary Information

TMRS Supplemental Death Benefits Plan

Schedule of Changes in the City's Total OPEB Liability and Related Ratios (Unaudited)

	Measurement Year		
	2017	2018	2019
Total OPEB Liability			
Service Cost	$ 22,218	$ 27,208	$ 27,057
Interest Cost	23,780	24,222	26,296
Difference Between Expected and Actual Experience of the Total OPEB Liability	-	(16,454)	(39,707)
Changes of Assumptions	59,920	(52,661)	141,242
Benefit Payments	(6,348)	(5,101)	(5,411)
Net Change in Total OPEB Liability	99,570	(22,786)	149,477
Total OPEB Liability (Beginning)	621,168	720,738	697,952
Total OPEB Liability (Ending)	$ 720,738	$ 697,952	$ 847,429
Covered-Employee Payroll	15,870,071	17,004,884	18,038,022
Total OPEB Liability as a Percentage of Covered-Employee Payroll	4.54%	4.10%	4.70%

Changes of assumptions reflect a change in the discount rate from 3.71% as of December 31, 2018 to 2.75% as of December 31, 2019.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available. Information has been determined as of the City's measurement date (December 31).

City of Lancaster, Texas
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
General Fund (Unaudited)
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes and fees	$ 25,613,877	$ 25,613,877	$ 25,731,444	$ 117,567
Licenses and permits	1,339,300	1,339,300	944,760	(394,540)
Intergovernmental	7,500	7,500	2,570,448	2,562,948
Charges for services	920,078	920,078	453,828	(466,250)
Fines and forfeits	865,864	865,864	1,068,206	202,342
Interest	129,000	129,000	158,082	29,082
Miscellaneous	156,997	156,997	314,920	157,923
Total revenues	29,032,616	29,032,616	31,241,688	2,209,072
Expenditures				
Current				
General government	5,583,734	5,583,734	7,373,944	(1,790,210)
Public safety	17,428,650	17,428,650	16,826,390	602,260
Public works	1,220,841	1,220,841	1,972,185	(751,344)
Community development and recreation	2,779,717	2,779,717	1,983,643	796,074
Capital outlay	4,408,345	4,408,345	2,527,664	1,880,681
Debt service				
Principal retirement	-	-	661,313	(661,313)
Interest and fiscal charges	-	-	192,087	(192,087)
Total expenditures	31,421,287	31,421,287	31,537,226	(115,939)
Excess (deficiency) of revenues over (under) expenditures	(2,388,671)	(2,388,671)	(295,538)	2,093,133
Other financing sources				
Transfers in	2,173,629	2,173,629	1,886,227	(287,402)
Total other financing sources	2,173,629	2,173,629	1,886,227	(287,402)
Net Change in Fund Balances	(215,042)	(215,042)	1,590,689	1,805,731
Fund Balance, Beginning of Year	14,315,884	14,315,884	14,315,884	-
Fund Balance, End of Year	$ 14,100,842	$ 14,100,842	$ 15,906,573	$ 1,805,731

City of Lancaster, Texas

Notes to Required Supplementary Information (Unaudited)

September 30, 2020

Budgets and Budgetary Accounting

The City adopts an "appropriated budget" of the General Fund on the modified accrual basis of accounting by department. The City is required to present the adopted and final amended budgeted revenues and expenditures. The City compares the final amended budget to actual revenues and expenditures.

An operating budget for the General Fund is legally adopted each fiscal year.

The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP).

The City generally follows these procedures in establishing the budgetary data reflected in the financial statements:

1. A proposed operating budget including proposed expenditures and the means of financing them is submitted to the City Council by the City Manager.
2. Upon receipt of the budget estimates, the City Council holds a first reading on the Budget Ordinance and Tax Roll Ordinance. Information about the Budget Ordinance is then published in the official newspaper of the City.
3. A public hearing on the budget is held.
4. Prior to October 1 the budget is legally enacted through passage of an ordinance. The legal level of budgetary control is at the fund level. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Budgetary control has been established at the detail level by line item activity for management control.

Combining and Individual Fund Statements and Schedules

City of Lancaster, Texas
Non-major Governmental Funds
September 30, 2020

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Stormwater Drainage Fund – to account for revenues received from a fee charged for the development of the City's storm sewer drainage system.

Public Improvement Districts Fund – to account for the activities of the public improvement districts of the City.

Police State Seized Fund – to account for the activities of related funds awarded to the City by the Courts.

Police Federal Seized Fund – to account for the activities of related funds awarded to the City by the Courts.

Hotel/Motel Fund – to account for the revenues received from a hotel and motel tax.

Emergency 911 Fund – to account for revenues received from a fee charged for emergency services.

Parkland Dedication Fund – to account for revenues to provide for parks, open spaces and recreational areas.

Capital Projects Fund

Street Maintenance Fund – to account for maintenance of the City's transportation system.

City of Lancaster, Texas
Combining Balance Sheet
Non-major Governmental Funds
For the Year Ended September 30, 2020

	Special Revenue Funds							Capital Projects Fund	
	Stormwater Drainage Fund	Public Improvement Districts Fund	Police State Seized Fund	Police Federal Seized Fund	Hotel/ Motel Fund	Emergency 911 Fund	Parkland Dedication Fund	Street Maintenance Fund	Total Non-major Governmental Funds
Assets									
Cash and cash equivalents	$ 4,291,232	$ 1,394,031	$ 37,944	$ 55,837	$ 1,159,154	$ 1,270,323	$ 431,378	$ 952,732	$ 9,592,631
Receivables (net of allowance for uncollectibles)									
Delinquent taxes	-	2,418	-	-	-	-	-	-	2,418
Accounts receivable	221,859	-	-	-	58,546	25,916	-	17,637	323,958
Total assets	$ 4,513,091	$ 1,396,449	$ 37,944	$ 55,837	$ 1,217,700	$ 1,296,239	$ 431,378	$ 970,369	$ 9,919,007
Liabilities, Deferred Inflows of Resources and Fund Balances									
Liabilities									
Accounts and contracts payable	$ 80,095	$ 16,470	$ 519	$ 292	$ 764	$ 4,427	$ -	293,326	$ 395,893
Accrued liabilities	115,594	-	-	-	-	805	-	-	116,399
Total liabilities	195,689	16,470	519	292	764	5,232	-	293,326	512,292
Deferred inflows of resources - unavailable revenue	-	-	-	-	-	-	-	17,637	17,637
Fund balances									
Restricted for									
Public works	4,317,402	-	-	-	-	-	-	-	4,317,402
Public improvement districts	-	1,379,979	-	-	-	-	-	-	1,379,979
Police grants	-	-	37,425	55,545	-	-	-	-	92,970
Tourism, convention centers, arts	-	-	-	-	1,216,936	-	-	-	1,216,936
Law enforcement purposes	-	-	-	-	-	1,291,007	-	-	1,291,007
Park dedication	-	-	-	-	-	-	431,378	-	431,378
Street	-	-	-	-	-	-	-	659,406	659,406
Total fund balances	4,317,402	1,379,979	37,425	55,545	1,216,936	1,291,007	431,378	659,406	9,389,078
Total liabilities, deferred inflows of resources and fund balances	$ 4,513,091	$ 1,396,449	$ 37,944	$ 55,837	$ 1,217,700	$ 1,296,239	$ 431,378	$ 970,369	$ 9,919,007

City of Lancaster, Texas

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-major Governmental Funds

For the Year Ended September 30, 2020

	Special Revenue Funds							Capital Projects Fund	
	Stormwater Drainage Fund	Public Improvement Districts Fund	Police State Seized Fund	Police Federal Seized Fund	Hotel/ Motel Fund	Emergency 911 Fund	Parkland Dedication Fund	Street Maintenance Fund	Total Non-major Governmental Funds
Revenues									
Taxes and fees	$ 1,919,690	$ 677,238	$ -	$ -	$ 236,819	$ -	$ -	747,955	$ 3,581,702
Licenses and permits	-	-	-	-	-	354,446	-	-	354,446
Forfeitures	-	-	-	50,020	-	-	-	-	50,020
Miscellaneous	-	1,472	20,619	-	9,142	-	-	-	31,233
Interest	36,033	12,213	405	293	9,746	10,657	-	4,777	74,124
Total revenues	1,955,723	690,923	21,024	50,313	255,707	365,103	-	752,732	4,091,525
Expenditures									
Current									
Public safety	-	-	5,146	22,689	-	201,341	-	-	229,176
Public works	1,192,943	-	-	-	-	-	-	-	1,192,943
Community development and recreation	-	406,649	-	-	20,423	-	-	-	427,072
Capital outlay	-	-	-	-	-	-	-	293,326	293,326
Debt service							-		
Principal retirement	30,000	-	-	-	-	-	-	-	30,000
Interest and fiscal charges	13,150	-	-	-	-	-	-	-	13,150
Total expenditures	1,236,093	406,649	5,146	22,689	20,423	201,341	-	293,326	2,185,667
Excess (deficiency) of revenues over (under) expenditures	719,630	284,274	15,878	27,624	235,284	163,762	-	459,406	1,905,858
Other Financing Sources (Uses)									
Transfers out	(61,460)	-	-	-	-	-	-	-	(61,460)
Total other financing sources (uses)	(61,460)	-	-	-	-	-	-	-	(61,460)
Net Change in Fund Balances	658,170	284,274	15,878	27,624	235,284	163,762	-	459,406	1,844,398
Fund Balances, Beginning of Year	3,659,232	1,095,705	21,547	27,921	981,652	1,127,245	431,378	200,000	7,544,680
Fund Balances, End of Year	$ 4,317,402	$ 1,379,979	$ 37,425	$ 55,545	$ 1,216,936	$ 1,291,007	$ 431,378	$ 659,406	$ 9,389,078

City of Lancaster, Texas
Non-major Enterprise Funds
September 30, 2020

Enterprise Funds

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the City is that costs of providing the goods or services to the general public on a continuing basis will be financed or recovered through user charges. The City has two Non-major Enterprise Funds, which include the following:

Golf Course Fund – to account for the operation of the City's golf course.

Refuse Fund – to account for the operation of the City's refuse services.

City of Lancaster, Texas
Combining Statement of Net Position
Non-major Enterprise Funds
September 30, 2020

Assets	Golf Course Fund	Refuse Fund	Total Non-major Enterprise Funds
Current Assets			
Cash and cash equivalents	$ -	$ 3,416,155	$ 3,416,155
Receivables (net of allowance for uncollectibles)			
Accounts	-	127,076	127,076
Unbilled	-	152,820	152,820
Total current assets	-	3,696,051	3,696,051
Noncurrent Assets			
Capital assets			
Nondepreciable	349,554	-	349,554
Depreciable (net of accumulated depreciation)	1,458,624	362,288	1,820,912
Total noncurrent assets	1,808,178	362,288	2,170,466
Total assets	1,808,178	4,058,339	5,866,517
Liabilities			
Current Liabilities			
Accounts and contracts payable	20,056	130,892	150,948
Accrued liabilities	13,571	63,328	76,899
Due to General Fund	1,198,941	-	1,198,941
Compensated absences	-	218	218
Total current liabilities	1,232,568	194,438	1,427,006
Noncurrent Liabilities			
Compensated absences	-	654	654
Total noncurrent liabilities	-	654	654
Total liabilities	1,232,568	195,092	1,427,660
Net Position			
Net investment in capital assets	1,808,178	362,288	2,170,466
Unrestricted	(1,232,568)	3,500,959	2,268,391
Total net position	$ 575,610	$ 3,863,247	$ 4,438,857

City of Lancaster, Texas
Combining Statement of Revenues, Expenses and Changes in Net Position
Non-major Enterprise Funds
For the Year Ended September 30, 2020

	Golf Course Fund	Refuse Fund	Total Non-major Enterprise Funds
Operating Revenues			
Charges for services	$ 188,457	2,720,555	$ 2,909,012
Miscellaneous	347,538	-	347,538
Total operating revenues	535,995	2,720,555	3,256,550
Operating Expenses			
Maintenance	28,458	250,000	278,458
Heat, light and power	36,003	-	36,003
Depreciation	74,725	53,367	128,092
Special services	807,201	1,569,080	2,376,281
Miscellaneous	5,372	19,335	24,707
Total operating expenses	951,759	1,891,782	2,843,541
Operating Income (Loss)	(415,764)	828,773	413,009
Nonoperating Revenues			
Interest revenue	-	28,505	28,505
Total nonoperating revenues	-	28,505	28,505
Income (Loss) Before Transfers	(415,764)	857,278	441,514
Transfers out	(7,000)	(154,500)	(161,500)
Change in Net Position	(422,764)	702,778	280,014
Net Position, Beginning of Year	998,374	3,160,469	4,158,843
Net Position, End of Year	$ 575,610	$ 3,863,247	$ 4,438,857

City of Lancaster, Texas
Combining Statement of Cash Flows
Non-major Enterprise Funds
For the Year Ended September 30, 2020

	Golf Course Fund	Refuse Fund	Total Non-major Enterprise Fund
Operating Activities			
Receipts from customers and users	$ 510,163	$ 2,740,609	$ 3,250,772
Payments to suppliers	(875,543)	(1,835,856)	(2,711,399)
Net cash provided by (used in) operating activities	(365,380)	904,753	539,373
Noncapital and Related Financing Activities			
Transfers out	(7,000)	(154,500)	(161,500)
Advances from other funds	372,381	-	372,381
Net cash used in noncapital financing activities	365,381	(154,500)	210,881
Investing Activities			
Interest on investments	-	28,505	28,505
Net cash provided by investing activities	-	28,505	28,505
Increase in Cash and Cash Equivalents	-	778,757	778,757
Cash and Cash Equivalents, Beginning of Year	-	2,637,398	2,637,398
Cash and Cash Equivalents, End of year	$ -	$ 3,416,155	$ 3,416,155
Reconciliation of Net Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating income (loss)	$ (415,764)	$ 828,773	$ 413,009
Item not requiring cash			
Depreciation	74,725	53,367	128,092
Changes in			
Accounts receivable	-	20,053	20,053
Accounts payable	(25,832)	3,420	(22,412)
Accrued expenses	1,491	(860)	631
Net cash provided by (used in) operating activities	$ (365,380)	$ 904,753	$ 539,373

City of Lancaster, Texas
Discretely Presented Component Units
September 30, 2020

Lancaster Economic Development Corporation – to account for revenues from an industrial development sales tax to spur increased economic development activity within the City.

Lancaster Recreational Development Corporation – to account for revenues from a sales and use tax for the development of parks and recreational facilities.

City of Lancaster, Texas
Balance Sheet
Economic Development Corporation
Discretely Presented Component Units
September 30, 2020

Assets	
Cash and cash equivalents	$ 6,720,598
Sales tax receivable	226,081
Due from primary government	690,388
Total assets	7,637,067
Liabilities	
Accounts payable	13,153
Total liabilities	13,153
Fund Balances	
Unassigned	7,623,914
Total fund balances	7,623,914
Total Liabilities and Fund Balance	$ 7,637,067

City of Lancaster, Texas

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

Economic Development Corporation

Discretely Presented Component Units

September 30, 2020

Total fund balance	$ 7,623,914
Amounts reported in the statement of net position are different because:	
Interest payable on long-term debt does not require current financial resources; therefore, interest payable is not reported as a liability in the balance sheet.	(6,928)
Capital assets used in governmental activities are not financial resources; therefore, are not reported as assets in fund financial statements. Capital assets are reported in the government-wide financial statements, net of accumulated depreciation.	100,378
Long-term liabilities, including notes payable, net pension liability, and OPEB are not due and payable in the current period and therefore are not reported in the fund financial statements.	(1,507,285)
Deferred outflows of resources and deferred inflows of resources represent flows of resources which relate to future periods and, therefore, are not reported in the fund financial statements. Deferred outflows of resources and deferred inflows of resources at year-end consist of:	
Employer contributions (GASB 75)	496
Assumption changes (GASB 75)	2,477
Experience difference (GASB 75)	(455)
Employer contributions (GASB 68)	15,830
Investment return difference (GASB 68)	(21,774)
Assumption changes (GASB 68)	1,806
Experience difference (GASB 68)	2,751
Total net position	$ 6,211,210

City of Lancaster, Texas

Statement of Revenues, Expenditures and Changes in Fund Balance
Economic Development Corporation
Discretely Presented Component Units
For the Year Ended September 30, 2020

Revenues	
Sales taxes	$ 1,311,469
Interest	63,301
Total revenues	1,374,770
Expenditures	
Cultural and recreation	654,246
Debt service	
Repayment of note payable to primary government	35,000
Repayment of interest to primary government	8,975
Total expenditures	698,221
Net Change in Fund Balance	676,549
Fund Balance, Beginning of Year	6,947,365
Fund Balance, End of Year	$ 7,623,914

City of Lancaster, Texas

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities

Economic Development Corporation

Discretely Presented Component Units

For the Year Ended September 30, 2020

Net change in fund balance	$	676,549
Amounts reported in the statement of activities are different because:		
Current year pension and OPEB expenditures are reported on the fiscal year basis on the governmental statement of revenues, expenditures and changes in fund balance and as actuarially determined in the government-wide statement of activities. These differences are reflected in deferred outflows of resources and deferred inflow of resources balances.		(6,195)
Current year principal payments of long-term liabilities are shown as expenditures in the fund financial statements, but shown as reductions in long-term liabilities in the government-wide financial statements.		35,000
Change in net position	$	706,219

City of Lancaster, Texas
Balance Sheet
Recreational Development Corporation
Discretely Presented Component Units
September 30, 2020

Assets	
Cash and cash equivalents	$ 1,834,434
Sales tax receivable	440,705
Accounts receivable	24,496
Prepaid expenses	15,707
Total assets	2,315,342
Liabilities	
Accounts payable	35,836
Accrued liabilities	229,240
Due to primary government	1,993,142
Total liabilities	2,258,218
Fund Balance	
Nonspendable for prepaid items	15,707
Unassigned	41,417
Total fund balances	57,124
Total liabilities and fund balance	$ 2,315,342

City of Lancaster, Texas

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

Recreational Development Corporation

Discretely Presented Component Units

September 30, 2020

Total fund balance	$ 57,124
Amounts reported in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in fund financial statements. Capital assets are reported in the government-wide financial statements, net of accumulated depreciation.	10,170,215
Interest payable on long-term debt does not require current financial resources, therefore interest payable is not reported as a liability in the balance sheet.	(16,563)
Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the fund financial statements.	(4,783,259)
Deferred outflows of resources and deferred inflows of resources represent flows of resources which relate to future periods and, therefore, are not reported in the fund financial statements. Deferred outflows of resources and deferred inflows of resources at year-end consist of:	
Employer contributions GASB 75)	2,487
Assumption changes (GASB 75)	12,387
Experience difference (GASB 75)	(2,277)
Employer contributions (GASB 68)	76,279
Investment return difference (GASB 68)	13,718
Assumption changes (GASB 68)	9,050
Experience difference (GASB 68)	(110,658)
Total net position	$ 5,428,504

City of Lancaster, Texas

Statement of Revenues, Expenditures and Changes in Fund Balance

Recreational Development Corporation

Discretely Presented Component Units

For the Year Ended September 30, 2020

Revenues	
Sales taxes	$ 2,622,939
Charges for services	215,064
Intergovernmental	4,535
Other revenues	8,826
Interest	20,519
Total revenues	2,871,883
Expenditures	
Cultural and recreation	2,017,390
Capital outlay	226,712
Debt service	
Repayment of note payable to primary government	750,000
Repayment of interest to primary government	171,000
Total expenditures	3,165,102
Excess of revenues over expenditures	(293,219)
Net Change in Fund Balance	(293,219)
Fund Balance, Beginning of Year	350,343
Fund Balance, End of Year	$ 57,124

City of Lancaster, Texas

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities

Recreational Development Corporation

Discretely Presented Component Units

For the Year Ended September 30, 2020

Reconciliation to Statement of Revenues RDC

Net change in fund balance	$	(293,219)
Amounts reported in the statement of activities are different because:		
Transfer of capital assets from general government to component units.		226,712
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.		(563,616)
Current year principal payments of long-term liabilities are shown as expenditures in the fund financial statements, but shown as reductions in long-term liabilities in the government-wide financial statements.		750,000
Current year pension and OPEB expenditures are reported on the fiscal year basis on the governmental statement of revenues, expenditures and changes in fund balance and as actuarially determined in the government-wide statement of activities. These differences are reflected in deferred outflows of resources and deferred inflow of resources balances.		(31,776)
Current year changes in accrued interest payable do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.		4,813
Change in net position	$	92,914

Statistical Section

The following portion of the City of Lancaster Comprehensive Annual Financial Report presents detailed information as a context for understanding the information in the financial statements, note disclosures, and required supplementary information regarding the City's overall financial health.

Table	Contents

Financial Trends – *These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.*

Entity-wide information:

A Net position by component, last ten fiscal years

B Changes in net position, last ten fiscal years

Governmental funds information:

C Fund balances of governmental funds, last ten fiscal years

D Changes in fund balances of governmental funds, last ten fiscal years

Revenue Capacity – *These tables contain information to help the reader assess one of the City's most significant revenue sources, the property tax.*

E Assessed and estimated actual value of taxable property, last ten fiscal years

F Direct and overlapping property tax rates, last ten fiscal years

G Principal taxpayers, current year and nine years ago

H Ad-valorem tax levies and collections, last ten fiscal years

Debt Capacity – *These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.*

I Ratios of outstanding debt by type, last ten fiscal years

J Ratios of net general bonded debt outstanding *per capita*, last ten fiscal years

K Legal debt margin information

L Direct and overlapping governmental activities debt, last ten fiscal years

M Secured revenue coverage – Water Bonds, last ten fiscal years

Demographic and Economic Information – *These tables offer demographic and economic indicators to help understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.*

N Demographic and Economic Statistics, last ten calendar years

O Principal employers, current and six years ago

Table **Contents**

Operating Information – *These tables contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and activities it performs.*

P Full-time equivalent City government employees by function/program, last ten years

Q Operating indicators by function/program, last ten fiscal years

R Capital asset statistics by function/program, last ten fiscal years

Sources: Unless otherwise noted, the information in these tables is derived from the Comprehensive Annual Financial Reports for the relevant years.

City of Lancaster, Texas

Table A – Net Position by Component

Accrual Basis of Accounting

Last Ten Fiscal Years (Unaudited)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
Net investment in capital assets	$ 50,606,700	$ 55,109,346	$ 46,231,794	$ 46,504,601	$ 43,186,713	$ 41,406,070	$ 47,966,710	$ 37,985,322	$ 33,701,881	$ 37,281,365
Restricted for										
Housing and Urban Development	-	-	201,618	198,242	-	-	-	-	-	-
Court Security	-	-	-	-	25,509	29,106	38,013	45,457	55,458	70,498
Court Technology	-	-	-	-	77,596	82,633	97,869	109,564	108,981	131,656
Debt service	718,522	242,823	352,439	397,888	602,627	808,824	1,749,893	1,949,459	3,245,575	5,297,018
Public improvement districts	-	-	254,959	324,233	443,707	613,074	829,346	839,635	1,095,705	1,379,979
Tourism, convention centers, arts	-	-	367,370	433,318	535,168	621,137	717,922	826,544	981,652	1,216,936
Law enforcement purposes	-	-	616,916	467,206	619,198	834,271	1,009,536	1,138,971	1,176,713	1,383,977
Unrestricted	5,465,566	2,408,817	8,209,270	6,496,829	1,745,271	2,596,403	(5,878,003)	7,779,240	14,184,301	14,630,657
Total governmental activities net asset	$ 56,790,788	$ 57,760,986	$ 56,234,366	$ 54,822,317	$ 47,235,789	$ 46,991,518	$ 46,531,286	$ 50,674,192	$ 54,550,266	$ 61,392,086
Business-type Activities										
Net investment in capital assets	$ 38,270,127	$ 37,955,920	$ 37,933,467	$ 38,224,476	$ 33,117,792	$ 42,684,653	$ 43,805,254	$ 40,005,241	$ 41,354,370	$ 42,523,889
Restricted for										
Debt service	-	-	-	-	-	-	-	-	-	-
Impact fees	-	-	-	-	-	-	-	-	-	-
Capital	-	-	-	-	-	-	-	-	-	-
Unrestricted	11,135,037	13,121,089	15,798,314	17,260,560	24,342,877	23,659,170	26,965,817	32,720,848	34,682,576	36,379,569
Total business-type activities net asset	$ 49,405,164	$ 51,077,009	$ 53,731,781	$ 55,485,036	$ 57,460,669	$ 66,343,823	$ 70,771,071	$ 72,726,089	$ 76,036,946	$ 78,903,458
Primary Government										
Net investment in capital assets	$ 88,876,827	$ 93,065,266	$ 84,165,261	$ 84,729,077	$ 76,304,505	$ 84,090,723	$ 91,771,964	$ 77,990,563	$ 75,056,251	$ 79,805,254
Restricted for										
Housing and Urban Development	-	-	201,618	198,242	-	-	-	-	-	-
Court Security	-	-	-	-	25,509	29,106	38,013	45,457	55,458	70,498
Court Technology	-	-	-	-	77,596	82,633	97,869	109,564	108,981	131,656
Public improvement districts	-	-	254,959	324,233	443,707	613,074	829,346	839,635	1,095,705	1,379,979
Tourism, convention centers, arts	-	-	367,370	433,318	535,168	621,137	717,922	826,544	981,652	1,216,936
Law enforcement purposes	-	-	616,916	467,206	619,198	834,271	1,009,536	1,138,971	1,176,713	1,383,977
Debt service	718,522	242,823	352,439	397,888	602,627	808,824	1,749,893	1,949,459	3,245,575	5,297,018
Impact fees	-	-	-	-	-	-	-	-	-	-
Capital	-	-	-	-	-	-	-	-	-	-
Governmental funded construction costs	-	-	-	-	-	-	-	-	-	-
Unrestricted	16,600,603	15,529,906	24,007,584	23,757,389	26,088,148	26,255,573	21,087,814	40,500,088	48,866,877	51,010,226
Total primary governmental net assets	$ 106,195,952	$ 108,837,995	$ 109,966,147	$ 110,307,353	$ 104,696,458	$ 113,335,341	$ 117,302,357	$ 123,400,281	$ 130,587,212	$ 140,295,544

Source: Comprehensive Annual Financial Report

City of Lancaster, Texas

Table B – Changes in Net Position

Accrual Basis of Accounting

Last Ten Fiscal Years (Unaudited)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities										
General government	$ 4,254,835	$ 3,642,761	$ 4,171,973	$ 4,055,911	$ 3,891,404	$ 7,337,257	$ 7,327,188	$ 6,540,944	$ 7,542,414	$ 8,618,415
Public safety	14,333,669	14,232,681	14,350,239	14,898,549	16,540,660	18,522,908	18,869,618	20,671,196	22,445,886	21,474,236
Public works	4,832,457	5,119,834	4,991,125	4,926,327	5,987,362	3,651,258	3,869,238	3,441,079	3,512,367	3,735,538
Community development and recreation	1,048,563	1,173,498	1,238,745	1,260,500	1,225,730	1,366,830	1,829,003	2,214,694	2,461,161	2,795,968
Social and welfare	8,640,215	8,493,007	2,048,769	3,623	-	-	-	-	-	-
Interest and fiscal charges	2,837,440	2,367,927	1,836,254	3,054,899	3,379,380	3,200,431	2,935,851	4,304,629	2,928,389	2,794,842
Total governmental activities expenses	35,947,179	35,029,708	28,637,105	28,199,809	31,024,536	34,078,684	34,830,898	37,172,542	38,890,217	39,418,999
Business-type activities										
Water and sewer	9,178,117	10,085,993	9,945,611	11,215,515	12,185,162	12,960,201	12,635,280	14,113,248	14,151,252	14,573,772
Refuse	2,196,791	2,509,957	2,050,731	2,153,859	2,134,898	1,470,074	1,531,088	1,505,851	1,570,873	1,891,782
Airport	905,354	982,868	852,874	886,065	909,428	724,101	842,480	747,317	760,573	780,611
Golf course	83,002	139,621	108,196	86,605	82,234	79,667	116,867	1,038,286	1,093,145	951,759
Total business-type activities expenses	12,363,264	13,718,439	12,957,412	14,342,044	15,311,722	15,234,043	15,125,715	17,404,702	17,575,843	18,197,924
Total primary goverment expenses	$ 48,310,443	$ 48,748,147	$ 41,594,517	$ 42,541,853	$ 46,336,258	$ 49,312,727	$ 49,956,613	$ 54,577,244	$ 56,466,060	$ 57,616,923
Program Revenues										
Governmental activities										
Charges for services										
General government	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,783,188	$ 1,919,690
Public safety	1,394,684	1,529,136	787,570	990,079	1,436,765	2,303,526	1,563,791	1,910,595	1,322,261	1,473,204
Public works	1,261,640	682,137	1,863,869	1,856,563	1,838,598	3,346,266	2,931,542	2,892,010	3,508,030	1,753,034
Community developmentand recreation	-	-	-	-	-	-	-	-	-	-
Social and welfare	-	-	2,814,031	1,339,640	1,351,379	-	-	-	-	-
Operating grants and contributions	8,765,448	8,171,297	-	-	-	894,947	748,338	2,184,968	1,273,543	4,496,757
Capital grants and contributions	1,740,834	1,146,735	-	-	-	-	-	-	236,500	-
Total governmental activities program revenues	$ 13,162,606	$ 11,529,305	$ 5,465,470	$ 4,186,282	$ 4,626,742	$ 6,544,739	$ 5,243,671	$ 6,987,573	$ 8,123,522	$ 9,642,685

City of Lancaster, Texas

Table B – Changes in Net Position (Continued)

Accrual Basis of Accounting

Last Ten Fiscal Years (Unaudited)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Business-type activities										
Charges for services										
Water and sewer	$ 11,480,609	$ 14,209,081	$ 14,251,489	$ 14,291,481	$ 15,807,876	$ 15,708,146	$ 16,072,343	$ 16,544,138	$ 16,466,683	$ 17,413,522
Refuse	2,124,940	2,077,599	2,171,652	2,190,122	2,281,175	2,374,754	2,695,335	2,549,198	2,681,079	2,720,555
Airport	726,819	806,724	750,308	788,602	748,077	775,416	681,037	685,256	688,845	675,621
Golf course	84,542	94,847	85,595	79,845	72,021	69,582	113,629	152,823	191,012	188,457
Operating grants and contributions	50,089	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	300,000	-	-	-	3,612,835	-	-	-	-
Total business-type activities program revenues	14,466,999	17,488,251	17,259,044	17,350,050	18,909,149	22,540,733	19,562,344	19,931,415	20,027,619	20,998,155
Total primary government program revenues	$ 27,629,605	$ 29,017,556	$ 22,724,514	$ 21,536,332	$ 23,535,891	$ 29,085,472	$ 24,806,015	$ 26,918,988	$ 28,151,141	$ 30,640,840
Net (Expenses) Revenues										
Governmental activities	$(22,784,573)	$(23,500,403)	$(23,171,635)	$(24,013,527)	$(26,397,794)	$(27,533,945)	$(29,587,227)	$(30,184,969)	$(30,766,695)	$(29,776,314)
Business-type activities	2,103,735	3,769,812	4,301,632	3,008,006	3,597,427	7,306,690	4,436,629	2,526,713	2,451,776	2,800,231
Total primary government net expenses	$(20,680,838)	$(19,730,591)	$(18,870,003)	$(21,005,521)	$(22,800,367)	$(20,227,255)	$(25,150,598)	$(27,658,256)	$(28,314,919)	$(26,976,083)
General Revenues and Other Changes in Net Assets										
Governmental activities										
Taxes										
Property taxes	$ 13,621,585	$ 13,255,066	$ 12,299,191	$ 12,240,385	$ 14,047,562	$ 15,696,270	$ 18,172,866	$ 20,117,067	$ 22,325,257	$ 25,428,022
Sales taxes	4,693,061	5,676,841	4,845,324	4,960,391	5,545,413	5,633,760	6,168,242	7,160,171	6,869,083	6,557,347
Franchise taxes	2,477,222	3,526,875	2,969,849	3,337,767	2,127,730	2,041,390	2,138,384	2,272,208	2,305,492	2,057,524
Other local taxes	127,887	51,632	-	48,110	2,494,897	2,019,179	1,761,893	1,164,457	34,537	16,208
Interest on investments	40,627	44,197	22,654	10,241	15,923	111,569	270,073	501,786	1,031,549	388,113
Miscellaneous	1,180,897	484,754	343,709	324,621	489,467	292,911	581,435	788,192	416,070	346,153
Transfers	(669,107)	1,431,236	1,856,628	1,679,963	1,635,572	(193,511)	1,722,208	2,099,973	1,660,781	1,824,767
Total governmental activities	21,472,172	24,470,601	22,337,355	22,601,478	26,356,564	25,601,568	30,815,101	34,103,854	34,642,769	36,618,134
Business-type activities										
Interest on investments	15,105	30,081	26,255	9,682	14,728	89,948	219,076	489,104	830,598	368,113
Miscellaneous	78,066	(696,812)	511,763	415,530	787,542	1,293,005	1,493,751	1,173,073	1,689,264	1,522,935
Transfers	669,107	(1,431,236)	(1,856,628)	(1,679,963)	(1,635,572)	193,511	(1,722,208)	(2,099,973)	(1,660,781)	(1,824,767)
Total business-type activities	762,278	(2,097,967)	(1,318,610)	(1,254,751)	(833,302)	1,576,464	(9,381)	(437,796)	859,081	66,281
Total primary government	22,234,450	22,372,634	21,018,745	21,346,727	25,523,262	27,178,032	30,805,720	33,666,058	35,501,850	36,684,415
Change in Net Position										
Governmental activities	(1,312,401)	970,198	(834,280)	(1,412,049)	(41,230)	(1,932,377)	1,227,874	3,918,885	3,876,074	6,841,820
Business-type activities	2,866,013	1,671,845	2,983,022	1,753,255	2,764,125	8,883,154	4,427,248	2,088,917	3,310,857	2,866,512
Total primary government	$ 1,553,612	$ 2,642,043	$ 2,148,742	$ 341,206	$ 2,722,895	$ 6,950,777	$ 5,655,122	$ 6,007,802	$ 7,186,931	$ 9,708,332

Source: Comprehensive Annual Financial Report

City of Lancaster, Texas

Table C – Fund Balances of Governmental Funds
Modified Accrual Basis of Accounting
Last Ten Fiscal Years (Unaudited)

	Fiscal Year (Post-GASB 54)									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Nonspendable	$ -	$ -	$ 50,317	$ 181,550	$ 181,224	$ 16,290	$ 116,498	$ 110,373	$ 125,850	$ 111,681
Court security	-	-	-	-	25,509	29,106	38,013	45,457	55,458	70,498
Court technology	-	-	-	-	77,596	82,633	97,869	109,564	108,981	131,656
Unassigned	4,554,413	6,793,956	6,447,889	5,676,223	6,383,964	6,846,881	8,815,560	12,029,708	14,025,595	15,592,738
Total general fund	$ 4,554,413	$ 6,793,956	$ 6,498,206	$ 5,857,773	$ 6,668,293	$ 6,974,910	$ 9,067,940	$ 12,295,102	$ 14,315,884	$ 15,906,573
All Other Governmental Funds										
Nonspendable	$ -	$ -	$ 3,519	$ 3,519	$ 7,553	$ -	$ -	$ -	$ -	$ -
Restricted for										
Housing and Urban Development	1,097,652	950,820	201,618	198,242	-	-	-	-	-	-
Capital projects	15,286,477	9,723,620	8,742,773	8,177,260	12,782,493	15,924,564	7,134,763	6,127,269	10,598,227	8,594,068
Debt service	718,522	242,823	352,439	397,888	602,627	808,824	1,749,893	1,949,459	3,245,575	5,297,018
Public works	467,955	832,928	1,085,362	1,395,072	1,704,102	2,067,582	2,497,565	3,085,202	3,659,232	4,317,402
Public improvement districts	85,076	189,076	254,959	324,233	443,707	613,074	829,346	839,635	1,095,705	1,379,979
Police grants	9,477	7,539	7,299	50,137	34,805	57,184	64,360	87,929	49,468	92,970
Tourism, convention centers arts	252,144	298,965	367,370	433,318	535,168	621,137	717,922	826,544	981,652	1,216,936
Law enforcement purposes	240,589	395,610	609,617	417,069	584,393	777,087	945,176	1,051,042	1,127,245	1,291,007
Parkland dedication	-	-	-	-	-	-	-	-	431,378	431,378
Street	-	-	-	-	-	-	-	-	200,000	659,406
Total all other governmental funds	$ 18,157,892	$ 12,641,381	$ 11,624,956	$ 11,396,738	$ 16,694,848	$ 20,869,452	$ 13,939,025	$ 13,967,080	$ 21,388,482	$ 23,280,164

Source: Comprehensive Annual Financial Report

Notes: The City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in fiscal year 2011.

City of Lancaster, Texas

Table D – Changes in Fund Balances of Governmental Funds
Modified Accrual Basis of Accounting
Last Ten Fiscal Years (Unaudited)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Taxes and fees	$ 21,372,099	$ 22,746,133	$ 20,301,610	$ 21,269,177	$ 23,577,637	$ 25,270,016	$ 28,571,938	$ 31,820,128	$ 34,074,520	$ 36,784,104
Licenses and permits	773,463	857,841	1,148,329	975,217	951,760	1,830,079	1,484,252	1,695,322	1,370,116	1,299,206
Intergovernmental	11,384,338	8,821,297	2,814,031	1,339,640	1,946,379	1,504,947	1,280,288	2,801,908	1,273,543	4,496,757
Charges for services	533,411	671,295	715,540	881,346	886,838	1,516,187	1,447,290	1,196,688	2,137,914	453,828
Fines and forfeitures	909,658	884,828	787,570	990,079	1,436,765	2,303,526	1,563,791	1,910,595	1,322,261	1,473,204
Interest	40,934	44,197	22,654	10,241	15,923	111,569	270,073	501,786	1,031,549	388,113
Miscellaneous	481,671	484,754	343,709	324,621	489,467	292,911	581,435	356,692	391,411	346,153
Total revenues	35,495,574	34,510,345	26,133,443	25,790,321	29,304,769	32,829,235	35,199,067	40,283,119	41,601,314	45,241,365
Expenditures										
Current										
General government	3,803,506	3,234,973	3,375,903	3,437,170	3,800,206	4,171,215	4,801,896	5,045,895	5,334,851	7,373,944
Public safety	13,275,122	13,191,322	13,336,419	13,652,389	14,978,932	16,114,990	16,252,899	16,150,528	18,193,109	17,055,566
Public works	2,722,718	2,873,078	2,650,764	2,446,367	2,740,264	2,243,874	3,018,500	2,903,095	2,963,218	3,165,128
Community development and recreation	908,906	1,028,649	1,087,215	1,093,189	1,044,526	1,134,586	1,576,620	1,865,836	2,090,158	2,410,715
Social and welfare	8,640,215	8,493,007	2,048,769	3,623	-	-	-	-	-	-
Capital outlay	3,682,485	11,680,610	2,830,968	1,938,125	2,090,865	1,769,198	9,531,567	5,291,763	7,564,307	6,321,116
Debt Service									-	-
Principal retirement	1,434,986	2,380,747	2,126,748	2,614,905	3,168,011	3,345,838	3,432,256	3,791,760	4,426,571	4,465,820
Interest and fiscal charges	3,381,520	2,392,568	1,895,777	3,102,850	3,248,164	3,454,802	3,144,934	4,510,498	3,038,551	2,789,973
Cost of issuance of bonds	-	94,871	-	-	294,059	-	95,206	-	100,791	298,874
Total expenditures	$ 37,849,458	$ 45,369,825	$ 29,352,563	$ 28,288,618	$ 31,365,027	$ 32,234,503	$ 41,853,878	$ 39,559,375	$ 43,711,556	$ 43,881,136
Excess (deficiency) of revenues over (under) expenditures	(2,353,884)	(10,859,480)	(3,219,120)	(2,498,297)	(2,060,258)	594,732	(6,654,811)	723,744	(2,110,242)	1,360,229
Other Financing Sources (Uses)										
Bonds issued	$ -	$ 5,690,060	$ -	$ -	$ 4,580,316	$ 4,080,000	$ -	$ -	$ 9,550,000	$ -
Capital leases issued	-	366,345	-	-	1,250,000	-	-	-	24,659	-
Payment to refunding escrow agent	-	(12,972,717)	-	-	(18,399,389)	-	(5,632,042)	-	-	(27,907,758)
Premium on issuance of bonds	-	1,417,588	-	-	2,167,688	-	397,248	-	80,486	3,675,133
Proceeds from refunding bonds issued	-	11,650,000	-	-	16,934,701	-	5,330,000	-	-	24,530,000
Proceeds from capital lease	-	-	-	-	-	-	-	431,500	-	-
Capital contributions	-	-	-	-	-	-	-	-	236,500	-
Transfers from other funds	1,535,236	1,535,236	1,960,628	1,807,362	1,992,109	1,729,308	1,786,755	2,164,520	2,059,634	1,886,227
Transfers to other funds	(2,204,343)	(104,000)	(104,000)	(127,399)	(356,537)	(1,922,819)	(64,547)	(64,547)	(398,853)	(61,460)
Total other financing sources (uses)	(669,107)	7,582,512	1,856,628	1,679,963	8,168,888	3,886,489	1,817,414	2,531,473	11,552,426	2,122,142
Net Change in Fund Balances	$ (3,022,991)	$ (3,276,968)	$ (1,362,492)	$ (818,334)	$ 6,108,630	$ 4,481,221	$ (4,837,397)	$ 3,255,217	$ 9,442,184	$ 3,482,371
Debt service as a percentage of noncapital expenditures	14.1%	14.2%	15.2%	21.7%	21.9%	22.3%	20.3%	24.2%	20.7%	19.3%

Source: Comprehensive Annual Financial Report

City of Lancaster, Texas

Table E – Assessed and Estimated Actual Value of Taxable Property Last Ten Fiscal Years (Unaudited)

Fiscal Year	Residential Property	Commercial Property	Business Personal Property	Less Tax Exempt Property	Total Taxable Assessed Value[a]	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value[b] as a Percentage of Actual Value
2011	$ 941,163,750	$ 504,766,700	$ 291,811,860	$ 249,903,347	$1,487,838,963	$ 0.86750	$1,487,838,963	100.00%
2012	$ 902,594,330	$ 512,299,820	$ 304,324,030	$ 269,367,634	$1,449,850,546	$ 0.86750	$1,449,850,546	100.00%
2013	$ 882,606,250	$ 540,891,270	$ 337,042,810	$ 297,144,885	$1,463,395,445	$ 0.86750	$1,463,395,445	100.00%
2014	$ 937,082,890	$ 617,747,170	$ 376,545,200	$ 316,696,300	$1,614,678,960	$ 0.86750	$1,614,678,960	100.00%
2015	$1,044,064,220	$ 654,954,260	$ 445,658,700	$ 372,240,134	$1,772,437,046	$ 0.86750	$1,772,437,046	100.00%
2016	$1,207,302,440	$ 741,208,550	$ 561,067,510	$ 463,091,833	$2,046,486,667	$ 0.86750	$2,046,486,667	100.00%
2017	$1,327,351,000	$ 848,479,790	$ 536,241,530	$ 457,769,736	$2,254,302,584	$ 0.86750	$2,254,302,584	100.00%
2018	$1,581,905,170	$ 995,032,200	$ 580,387,360	$ 583,754,295	$2,248,120,217	$ 0.86750	$2,248,120,217	100.00%
2019	$1,809,417,380	$1,214,870,120	$ 785,887,340	$ 709,011,720	$3,101,163,120	$ 0.84090	$3,101,163,120	100.00%
2020	$2,013,786,870	$1,362,512,500	$ 784,932,460	$ 436,378,276	$3,724,853,554	$ 0.81974	$3,724,853,554	100.00%

Source: City of Lancaster Budget Document
Dallas Central Appraisal District (a username and password is needed to access this info on the DCAD website)

Note: The County assesses property at 100% of its market value. Tax rates are per $100 of assessed value.

[a] Includes adjustments to certified rolls.
[b] Excludes tax exempt property.

City of Lancaster, Texas

Table F – Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years (Unaudited)

	City Direct Rates			Overlapping Rates			
Fiscal Year	Operating/ General Rate	General Obligation Debt Service	Total Direct	Lancaster Independent School District	Lancaster MUD#1	Dallas County	Dallas County Hospital (Parkland)
2011	0.601200	0.266300	0.867500	1.412700	1.060000	0.243100	0.271000
2012	0.601200	0.266300	0.867500	1.418000	1.060000	0.243100	0.271000
2013	0.601200	0.266300	0.867500	1.418000	1.060000	0.243100	0.271000
2014	0.601200	0.266300	0.867500	1.418000	1.060000	0.243100	0.271000
2015	0.601200	0.266300	0.867500	1.540000	1.060000	0.243100	0.286000
2016	0.601200	0.266300	0.867500	1.418000	1.060000	0.243100	0.276000
2017	0.601200	0.266300	0.867500	1.418000	1.060000	0.243100	0.276000
2018	0.601200	0.266300	0.867500	1.530000	1.000000	0.243100	0.279400
2019	0.595200	0.245725	0.840925	1.530000	1.000000	0.243100	0.269550
2020	0.605167	0.214569	0.819736	1.499900	0.950000	0.239740	0.266100

Source: Dallas County Tax Assessor

City of Lancaster, Texas

Table G – Principal Property Taxpayers

Current Year and Nine Years Ago (Unaudited)

	2020			2011		
Taxpayer	Assessed Value	Rank	Percentage of Total City Assessed Value[a]	Assessed Value	Rank	Percentage of Total City Assessed Value[a]
AT&T Mobility, LLC	$ 97,156,260	1	17.32%			
Oncor Electric Delivery	$ 86,634,360	2	15.45%			
CSHV 20 35, LLC	$ 75,818,620	3	13.52%			
CH Realty VII/I Dallas Houston	$ 50,441,160	4	8.99%			
United Natural Foods, Inc.	$ 47,288,882	5	8.43%			
Southpoint Industrial, LLC	$ 46,056,380	6	8.21%			
Brasscraft Manufacturing Co.	$ 45,000,835	7	8.02%			
Mobis Parts America, LLC	$ 41,975,990	8	7.48%			
Liberty Property, LP	$ 37,734,570	9	6.73%			
Ollies Bargain Outlet, Inc.	$ 32,709,100	10	5.83%			
Oncor Electric Delivery				$ 78,049,570	1	29.19%
AT&T Corp				$ 58,104,740	2	21.73%
Walmart Stores Inc				$ 31,189,110	3	11.66%
Pleasant Run Courtyard				$ 21,945,810	4	8.21%
Brasscraft Manufacturing Co.				$ 18,661,431	5	6.98%
M&A Texas Lancaster LTD				$ 13,984,350	6	5.23%
Blue Grove Plaza				$ 13,096,319	7	4.90%
WNA Cups Illustrated Inc				$ 11,400,000	8	4.26%
Primrose Houston I				$ 10,918,280	9	4.08%
Tire Centers LLC				$ 10,040,000	10	3.75%
Total	$ 560,816,157		100.00%	$ 267,389,610		100.00%

Source: Dallas County Tax Office

Note: [a] Taxpayers are assessed on January 1st of each fiscal year.

City of Lancaster, Texas

Table H – Ad-Valorem Tax Levies and Collections

Last Ten Fiscal Years (Unaudited)

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Outstanding Delinquent Taxes	Total Collections	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	$ 12,962,191	$ 12,674,920	97.78%	$ 50,569	$ 12,911,622	99.61%
2012	$ 12,952,021	$ 12,686,384	97.95%	$ 52,330	$ 12,899,691	99.60%
2013	$ 12,624,467	$ 12,375,869	98.03%	$ 53,810	$ 12,570,657	99.57%
2014	$ 12,773,462	$ 12,499,106	97.85%	$ 59,749	$ 12,713,713	99.53%
2015	$ 14,050,021	$ 13,785,499	98.12%	$ 69,194	$ 13,980,827	99.51%
2016	$ 15,433,729	$ 15,129,575	98.03%	$ 80,080	$ 15,353,649	99.48%
2017	$ 17,874,074	$ 17,606,753	98.50%	$ 94,405	$ 17,779,669	99.47%
2018	$ 19,736,863	$ 19,443,209	98.51%	$ 128,719	$ 19,608,144	99.35%
2019	$ 22,150,576	$ 22,097,533	99.76%	$ 189,677	$ 21,960,899	99.76%
2020	$ 25,631,903	$ 25,334,598	98.84%	$ 588,496	$ 25,043,407	98.84%

Source: Dallas County Tax Assessor and Collector

City of Lancaster, Texas

Table I – Ratios of Outstanding Debt by Type

Last Ten Fiscal Years (Unaudited)

	Governmental Activities			Business-type Activities					
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Other Obligations	Water and Sewer General Obligation Bonds & Certificates of Obligation	Airport Bonds	Other Obligations	Total Primary Government	Percentage of Personal Income[a]	Per Capita[a]
2011	$ 51,927,333	$ 24,915,625	$ 268,975	$ 7,520,455	$ 137,280	$ 72,552	$ 84,842,220	10.98%	2,276
2012	52,695,925	22,268,525	6,147,351	14,200,793	129,284	56,631	95,498,509	11.96%	2,523
2013	51,233,460	21,536,425	6,075,603	13,001,471	118,511	37,998	92,003,468	11.45%	2,428
2014	49,615,995	20,919,325	5,555,698	11,763,738	107,828	17,703	87,980,287	11.40%	2,311
2015	60,129,226	14,037,329	5,877,687	14,782,527	92,060	-	94,918,829	12.24%	2,481
2016	57,913,267	17,325,229	5,091,849	9,529,799	76,282	-	89,936,426	11.29%	2,284
2017	57,739,077	14,340,000	4,488,159	8,427,451	68,254	-	85,062,941	6.92%	2,217
2018	54,684,104	13,975,000	3,751,399	7,156,505	55,000	-	79,622,008	9.20%	2,022
2019	60,800,425	13,600,000	3,306,328	6,659,435	51,566	-	84,417,754	9.44%	2,138
2020	67,232,474	3,680,000	2,699,632	6,054,983	40,000	-	79,707,089	8.46%	2,042

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[a]See Table N for personal income and population data.

City of Lancaster, Texas

Table J – Ratios of Net General Bonded Debt Outstanding *per Capita*

Last Ten Fiscal Years (Unaudited)

	General Bonded Debt Outstanding					
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Less: Amounts Available in Debt Service Fund	Total	Percentage of Actual Taxable Value of Property[a]	Per Capita[b]
2011	$ 57,227,436	$ 24,913,257	$ 718,522	$ 81,422,171	5.47%	2,184
2012	$ 57,599,904	$ 22,269,623	$ 242,823	$ 79,626,704	5.49%	2,104
2013	$ 55,437,371	$ 21,537,496	$ 352,439	$ 76,622,428	5.24%	2,022
2014	$ 53,096,505	$ 20,920,381	$ 397,888	$ 73,618,998	4.56%	1,934
2015	$ 63,872,886	$ 18,118,360	$ 602,627	$ 81,388,619	4.59%	2,127
2016	$ 60,873,448	$ 17,326,233	$ 808,824	$ 77,390,857	3.78%	1,965
2017	$ 60,420,622	$ 20,157,414	$ 2,067,582	$ 78,510,454	3.48%	2,047
2018	$ 56,400,609	$ 19,470,000	$ 1,949,459	$ 73,921,150	3.29%	1,877
2019	$ 62,346,425	$ 18,765,000	$ 3,085,202	$ 78,026,223	2.52%	1,976
2020	$ 67,232,474	$ 8,505,000	$ 839,635	$ 74,897,839	2.01%	1,918

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[a] See Table E for property value data.

[b] See Table N for population data.

City of Lancaster, Texas

Table K – Legal Debt Margin Information

Last Ten Fiscal Years (Unaudited)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Tax rate limit	$ 2.5000	$ 2.5000	$ 2.5000	$ 2.5000	$ 2.5000	$ 2.5000	$ 2.5000	$ 2.5000	$ 2.5000	$ 2.5000
Current tax rate	0.8675	0.8675	0.8675	0.8675	0.8675	0.8675	0.8675	0.8675	0.8409	0.8197
Available tax rate	$ 1.6325	$ 1.6325	$ 1.6325	$ 1.6325	$ 1.6325	$ 1.6325	$ 1.6325	$ 1.6325	$ 1.6591	$ 1.6803

Note: The City Charter of the City of Lancaster, Texas, does not provide for a debt limit. Under provisions of state law, the maximum tax rate is limited to $2.50 per $100 assessed valuation. No direct bond debt limitation is imposed on the City under current state law or the City's Charter.

City of Lancaster, Texas

Table L – Direct and Overlapping Governmental Activities Debt

September 30, 2020 (Unaudited)

Governmental Unit	Gross Bonded Debt	Estimated Percentage Applicable	City Share of Overlapping Debt
Lancaster I.S.D.	$ 195,736,933	85.89%	$ 168,118,452
Dallas County	130,445,000	1.06%	$ 1,382,717
Dallas County Hospital District	622,000,000	1.06%	$ 6,593,200
Dallas County Community College District	135,375,000	1.06%	$ 1,434,975
Dallas County Schools	27,204,352	1.06%	$ 288,366
Dallas ISD	3,110,910,000	0.10%	$ 3,110,910
Ferris ISD	30,039,518	0.04%	$ 12,016
City of Lancaster (Direct Debt)	71,685,000	100.00%	71,685,000
Total Direct and Overlapping Debt	$ 4,323,395,803		$ 252,625,635

Source: Municipal Advisory Council of Texas

City of Lancaster, Texas

Table M – Secured Revenue Coverage

Last Ten Fiscal Years (Unaudited)

	Water and Sewer System General Obligation Bonds and Certificates of Obligation				
Fiscal Year	Total Revenues[a]	Less: Operating Expenses[b]	Net Available Revenue	Annual Requirement[c]	Times Coverage
2011	$ 11,930,376	$ 7,742,007	$ 4,188,369	$ 1,171,763	3.57
2012	$ 14,238,894	$ 8,548,334	$ 5,690,560	$ 1,523,532	3.74
2013	$ 14,905,946	$ 8,281,266	$ 6,624,680	$ 1,182,245	5.60
2014	$ 15,026,427	$ 9,359,770	$ 5,666,657	$ 1,648,888	3.44
2015	$ 17,044,261	$ 13,552,343	$ 3,491,918	$ 1,504,088	2.32
2016	$ 17,721,270	$ 14,380,758	$ 3,340,512	$ 1,517,470	2.20
2017	$ 17,988,887	$ 12,635,280	$ 5,353,607	$ 1,484,822	3.61
2018	$ 17,665,764	$ 14,640,200	$ 3,025,564	$ 1,485,106	2.04
2019	$ 17,801,357	$ 12,508,268	$ 5,293,089	$ 1,365,406	3.88
2020	$ 18,901,027	$ 14,573,772	$ 4,327,255	$ 1,202,950	3.60

Note: [a] Includes operating and nonoperating revenues.

[b] Includes operating expenses minus depreciation.

[c] Includes principal and interest.

City of Lancaster, Texas

Table N – Demographic and Economic Statistics

Last Ten Calendar Years (Unaudited)

Year	Estimated Population[a]	Personal Income	Per Capita Personal Income[b]	Median Age[b]	Median Household Income[b]	School Enrollment[c]	Unemployment Rate[d]
2011	37,275	$ 772,561,650	$ 20,726	33.7	$ 52,199	6,253	13.1%
2012	37,845	$ 798,188,895	$ 21,091	34.1	$ 51,533	6,160	9.0%
2013	37,893	$ 803,407,386	$ 21,202	35.0	$ 46,254	6,538	8.8%
2014	38,071	$ 771,661,099	$ 20,269	32.0	$ 53,652	6,823	7.0%
2015	38,256	$ 775,410,864	$ 22,347	32.0	$ 53,652	6,910	6.8%
2016	39,380	$ 796,342,360	$ 20,222	32.3	$ 49,590	7,051	5.8%
2017	38,361	$ 1,228,973,384	$ 31,144	32.9	$ 50,137	7,315	6.4%
2018	39,386	$ 865,901,210	$ 21,985	33.1	$ 54,331	7,365	5.9%
2019	39,477	$ 893,838,234	$ 22,642	33.1	$ 55,907	7,365	5.3%
2020	39,040	$ 942,308,480	$ 24,137	32.2	$ 57,259	7,467	11.0%

Sources:

[a] Estimated Population – North Central Texas Council of Governments

[b] Per Capital Income, Median Age, Median Household Income - U.S. Census Bureau 2004-2014, and the 2015-2019 American Community Survey 5-year Estimates

[c] Texas Academic Performance Report; 2019-20 District Student Information

[d] Unemployment, Texas Workforce Commission, Texas LMI Database

Note: Personal income is calculated by multiplying estimated population by per capita personal income.

City of Lancaster, Texas

Table O – Principal Employers

Current and Six Years Ago (Unaudited)

	2020			2014		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Lancaster ISD	915	1	11.49%	689	1	N/A
Walmart	528	2	6.63%	475	2	N/A
United National Foods (UNFI)	381	3	4.78%	210	6	N/A
Oak Creak Homes/American Homestar	295	4	3.70%	280	4	N/A
City of Lancaster	283	5	3.55%	271	-	N/A
Cedar Valley College	280	6	3.52%	225	5	N/A
AT&T	257	7	3.23%	200	7	N/A
Frozen Food Express (FFE) Transporation	240	8	3.01%	165	11	N/A
Ollie's Bargain Outlet Warehouse	225	9	2.83%			N/A
Crescent Medical Center Lancaster	200	10	2.51%			N/A
Total	3,604		45.26%	2,515		0.00%

Source: City of Lancaster Economic Development Corporation

City of Lancaster, Texas

Table P – Full-Time Equivalent City Government Employees by Function/Program

Last Ten Fiscal Years (Unaudited)

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government Division	17	15	17	41	44	36	45	61	60	77
Public Safety Division	134	132	133	140	141	139	130	131	147	126
Public Works Division	6	5	5	4	4	4	4	3	2	4
Community Development Division	13	11	10	13	17	17	17	10	7	6
Nondepartmental Division	6	5	5	-	-	-	-	-	-	-
Water and Sewer	31	30	28	22	22	23	20	17	17	20
Airport	4	4	4	5	5	6	5	5	5	4
4A LEDC Fund	2	1	1	1	1	1	2	2	2	2
4B LRDC Fund – Library	9	8	9	8	8	13	13	13	11	10
Parks and Recreation Fund	29	32	32	24	25	34	33	42	34	22
Housing	12	9	4	-	-	-	-	-	-	-
Stormwater Fund	12	11	13	13	13	8	10	10	9	12
Total	273	262	260	271	280	281	279	294	294	283

Sources: City of Lancaster Budget Document

City of Lancaster, Texas

Table Q – Operating Indicators by Function/Program

Last Ten Fiscal Years (Unaudited)

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police										
Number of police officers	52	51	51	49	54	52	44	54	55	57
Number of violations (citations)	11,731	12,269	9,432	8,185	5,808	6,698	8,110	13,014	17,726	10,422
Municipal Court										
Number of traffic cases	11,056	19,434	8,865	4,283	5,101	8,678	6,542	7,326	8,364	6,272
Number of city ordinance cases	485	2,298	322	85	1,098	1,085	330	426	438	776
Fire										
Number of fire fighters	57	56	56	62	62	62	63	68	66	66
Number of emergency fire responses	1,916	1,846	1,792	1,826	1,913	1,773	1,864	2,135	2,566	1,961
Number of medical emergencies	3,664	4,017	4,268	4,353	4,632	4,668	4,662	4,456	4,998	4,132
Parks and Recreation										
Number of acres	1,070	1,070	1,070	1,087	1,087	1,087	1,087	1,087	1,087	1,087
Number of recreation center participants	3,279	4,541	3,690	4,375	6,175	12,852	16,448	20,425	24,970	2,205
Library										
Volumes in collection[b]	90,117	90,972	87,468	77,020	86,411	83,827	86,558	87,716	97,018	79,252
Number of library cardholders	6,412	23,701	27,584	30,011	35,892	10,364	35,305	36,906	12,961	13,363
Water and Wastewater										
Number of water accounts	12,543	12,611	12,613	12,723	12,845	14,242	15,119	15,312	15,587	15,361
Average daily water consumption (millions of gallons)	5	4	4	4	4	4	5	6	6	6
Average daily effluent (millions of gallons)	4	4	5	5	5	5	5	5	5	5

Sources: City Departments

Notes: [b] Includes books and media

City of Lancaster, Texas

Table R – Capital Asset Statistics by Function/Program

Last Ten Fiscal Years (Unaudited)

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public Safety										
Fire stations	3	3	3	3	3	3	3	3	3	3
Police stations	1	1	1	1	1	1	1	1	1	1
Culture and Recreation										
Parks and Recreation										
Number of parks	25	25	25	25	25	25	25	25	25	25
Number of baseball diamonds	8	8	8	8	8	8	8	8	8	8
Number of soccer/football fields	13	13	13	13	13	13	13	13	13	13
Public swimming pools	1	1	1	1	1	1	1	1	1	1
Community centers	3	3	3	3	3	3	3	3	3	1
Library	1	1	1	1	1	1	1	1	1	1
Water and Wastewater										
Water mains (miles)	187	187	187	188	190	208	208	209	210	213
Sanitary sewer mains (miles)	160	160	160	161	163	174	205	210	211	212
Fire hydrants	1,554	1,554	1,554	1,558	1,598	1,638	1,793	1,804	1,845	1,862

Sources: City Departments